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FINANCIAL SITUATION OF UNIDO, INCLUDING ARREARS

Report by the Director-General

Provides information on the financial situation as at 31 August 1999, as well as on the recommendations of the open-ended discussion group on timely payment.

I. OVERVIEW

1. The financial situation as at 31 August 1999 can be summarized in the following major points:

(a) The level of regular budget cash resources (including the Working Capital Fund) was $23.5 million. As compared to this, the cash balances as at 31 August 1998 and 1997 were $19.5 and $16.8 million respectively;

(b) The collection rate of 1999 assessed contributions (69.2 per cent) was slightly unfavourable compared to the 1998 rate of 74.1 per cent, but compared favourably with the 1997 rate (65.6 per cent);

(c) The collection rate of prior years' contributions was 10 per cent. The rates as at 31 August 1998 and 1997 were 8.1 and 13.6 per cent respectively;

(d) Outstanding contributions amounted to $118.5 million (including $62.1 million owed by the United States of America). The outstanding amounts as at 31 August 1998 and 1997 were $111.8 and 121.2 million, respectively;

(e) The Working Capital Fund was replenished to its established level in February 1998. This was achieved through various cost-cutting measures and other actions taken by the Director-General since the seventh session of the General Conference;

(f) The cost of the 1998 staff separation programme is currently estimated at $10.5 million with disbursements of around $10 million as at 31 August 1999. The amount originally estimated for this purpose was $15.9 million, of which $2 million was to be financed from the unspent balance of the staff separation indemnity

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reserve established pursuant to General Conference decision GC.6/Dec.15. The major component of $13.9 million, authorized from the 1994-1995 unutilized balance (GC.7/Dec.17), has not yet been received;

(g) The status of the regular budget performance report for the period 1 January 1998 to 31 August 1999 is presented in tables 5 (a) and 5 (b) by major programme and major object of expenditure. The relatively lower implementation was caused mainly by financial uncertainties at the beginning of the biennium when the staff separation programme was implemented. Also, throughout the period expenditures had to be held at levels commensurate with available financial resources, primary consideration being given to the expected cash position. Regular budget expenditures were allowed up to the maximum level of disbursements to support operations, while ensuring that the Working Capital Fund remains fully funded at 31 December 1999. The conservative financial policy has contributed to lower-than-budgeted expenditures against 1998-1999 appropriations;

(h) The financial situation of the operational budget reflects an imbalance between the income generated from technical cooperation and the unavoidable expenditure of mostly staff costs and field representation costs. Following the development of the service modules, implementation of some of the integrated programmes has only recently been initiated. Consequently, the impact of the new programmes has not yet been realized in terms of operational budget income. Although expenditures in the operational budget are contained through maintaining a higher-than-budgeted vacancy factor and limited allotments to field representation, the operating reserve of $4.4 million at 1 January 1998 was reduced to $1.8 million at 31 August 1999.

2. The following information is available in the respective tables:

(a)	Comparison of the cash flow for 1999, 1998 and 1997	Table 1
(b)	Financial status of the staff separation programme	Table 2
(c)	Status of the Working Capital Fund	Table 3
(d)	Status of the operational budget	Table 4
(e)	Status of the regular budget	Tables 5 (a) and 5 (b)

II. STATUS OF ASSESSED CONTRIBUTIONS

Collections

3. A total of 46 Member States, including four least developed countries, have made full payment of their 1999 assessed contributions. In addition, 19 Member States have made partial payments of their 1999 assessed contributions.

4. The collections in the period from January to August 1999, broken down by Lists of States[1], are as follows:

(In millions of US dollars)

Lists of States	Current year	Prior years	Total
A	1.9	1.4	3.3
B	42.1	0.3	42.4
C	0.8	0.3	1.1
D	0.7	4.4	5.1
Others	0.0	0.0	0.0
Total	**45.5**	**6.4**	**51.9**

Outstanding contributions

5. Outstanding contributions as at 31 August 1999 (details in annex I), and the outstanding contributions as at 31 August 1998 and 1997, which have been revalued for comparison, are shown in figure 1.

6. Outstanding contributions as at 31 August 1999, broken down by Lists of States, are as follows:

(In millions of US dollars)

Lists of States	Current year	Prior years	Total
A	3.2	8.5	11.7
B	7.9	0.0	7.9
C	2.6	10.5	13.1
D	6.0	16.4	22.4
Others	0.3	1.0	1.3
Subtotal	20.0	36.4	56.4
USA	0.0	62.1	62.1
Total	**20.0**	**98.5**	**118.5**

7. Information on the scale of assessments and the percentage outstanding by Lists of States is shown in figures 2 and 3. The List B countries, which share 75.7 per cent of the 1998-1999 total assessments, owe only 14.3 per cent.

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[1]Refers to the Lists of States included by the Depositary in Annex I to the Constitution of UNIDO (see document GC.8/11).

Figure 1. Outstanding contributions as at 31 August
(In millions of US dollars)

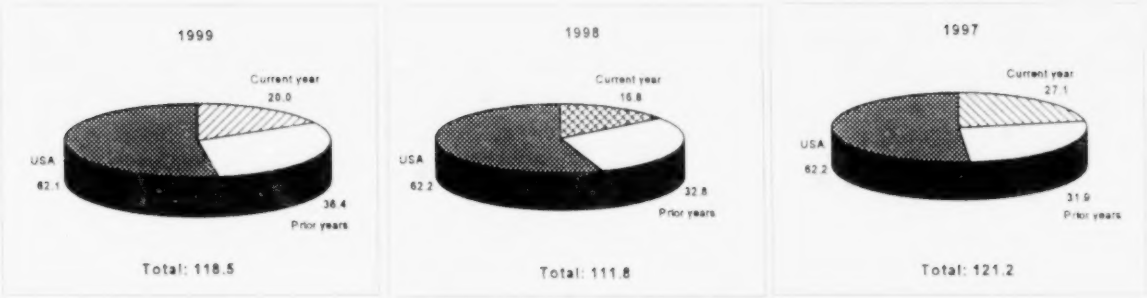


Figure 2. Share of assessments (%)

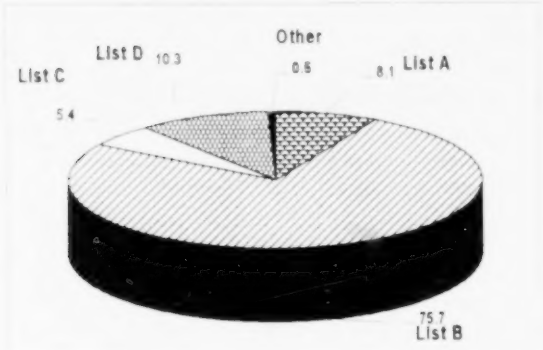
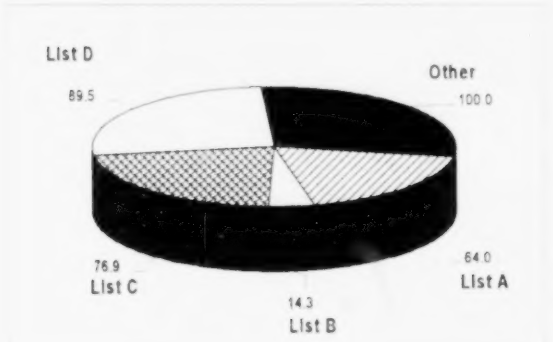


Figure 3. Outstanding (% of assessments)



8. Current information on the scale of assessed contributions, arrears, voting rights, payments received and the status of outstanding contributions is available on the UNIDO Internet Web site, which can be accessed at the following address: http://www.unido.org/data/contrib/

III. SUSPENSION OF VOTING RIGHTS OWING TO NON-PAYMENT OF CONTRIBUTIONS

9. As indicated in annex I to the present document, voting rights had been suspended as at 31 August 1999 in accordance with Article 5.2 of the Constitution and financial regulation 5.5(b), as follows:

Number of Member States

	1999	1998	1997
General Conference	67	59	60
Industrial Development Board	6	4	5
Programme and Budget Committee	4	3	3

10. In order to restore their right to vote for the remainder of 1999, these Member States must pay their full contributions for 1996 and prior years, including contributions to the Working Capital Fund, as well as a partial contribution for 1997. The minimum total amount that must be paid by these Member States is $19,101,432.

IV. IMPLEMENTATION OF RECOMMENDATIONS OF DISCUSSION GROUP

11. Detailed information was provided in document IDB.21/4, chapter IV, on the implementation of the measures recommended by the open-ended discussion group on timely payment of assessed contributions. Since that time only one payment plan has been concluded; however, no payment under the plan has been received to date. Letters were again sent on 3 August 1999 reminding Member States of the possibility to settle arrears through payment plans and other incentives to encourage the early payment of contributions. Furthermore, informal consultations were held on an individual basis with a number of Member States in the first half of 1999, and during the same period the subject was taken up by both the Programme and Budget Committee and the Industrial Development Board. Annex II provides information by country concerning progress on payment plans, and the following table contains an overview of response to the communications of the Director-General on the subject:

Payment plans	Number of countries
Concluded payment plan (no payment under the plan has yet been received)	1
Shown interest in payment plans	9
Partial payments made without any specific reference to the payment plans	13
No payment or response to the communications	39
Total	62

Arrears owed by the United States of America

12. The United States owes the following amounts to UNIDO:

Assessed contributions for 1994 to 1996	$62,113,175
Income taxes (under the Tax Reimbursement Agreement)	$ 988,965

13. In resolution GC.7/Res.2, the General Conference requested the open-ended discussion group on timely payment of assessed contributions to examine the various options contained in document IDB.18/18 on the collection of unpaid assessed contributions from the United States Government and to make concrete recommendation to the Board. The work of the group on that issue is reflected in chapter IV of its report to the nineteenth session of the Board (IDB.19/12, paras. 30-37).

14. Since that time, UNIDO has taken up the matter on a number of occasions with the Permanent Representative of the United States of America to the United Nations (Vienna) and has expressed serious concern that the outstanding amounts have not yet been settled. On 6 November 1998, UNIDO was informed that the funds appropriated by the United States Congress for tax reimbursement payment to UNIDO had been exhausted, and that the Government would, over time, pay these outstanding bills to the extent funds become available. On 9 March 1999, the United States Government was again requested to honour its obligations.

15. On 13 April 1999, UNIDO was informed by the Permanent Representative of the United States of America to the United Nations (Vienna) that the Government intends to make a partial payment of approximately $200,000 towards the claim for reimbursements of taxes (total claim: $988,965). On 14 May 1999 and 1 June 1999, the United States Government was again requested to honour its obligations. No amount has yet been received.

Incentives for early payment

16. Incentives for early payment were also discussed in document IDB.21/4. As mentioned in paragraph 13 of that text, a report will be issued to the sixteenth session of the Programme and Budget Committee on any improvement in the pattern of payments by Member States which may indicate the extent to which the incentive measures have motivated them to pay their 1999 assessed contributions earlier as compared with previous years. The document will also report on the experience of other United Nations organizations having adopted incentive schemes and payment plans.

V. UNUTILIZED BALANCE FOR 1992-1993

17. At its nineteenth session, the Board was informed of the action taken by the Secretariat in deferring the disbursement of the cash surplus of $1.2 million pertaining to the unutilized balance of appropriations for the 1992-1993 biennium (IDB.19/13). Subsequently, in document IDB.20/11, the Secretariat initiated a proposal to regularize the action taken through the approval of the policy-making organs of the temporary suspension of financial regulation 4.2(c). The Board recommended that the Conference formalize retention of $1,194,924 of the unutilized balance for 1992-1993 to partially finance the staff separation programme and to this effect suspend financial regulation 4.2(c) with regard to that sum until the eighth session of the Conference (IDB.20/Dec.4, para. (d)).

VI. ACTION REQUIRED OF THE CONFERENCE

18. The Conference may wish to consider adopting the following draft decision:

"The General Conference:

"(a) Takes note of the information provided in document GC.8/17;

"(b) Also takes note of the recommendation of the Industrial Development Board on financing the staff separation programme (IDB.20/Dec.4),

"(c) Further takes note of the recommendation of the Board on distribution of interest income earned in excess of the budgetary estimates for 1999 (IDB.21/Dec.6);

"(d) Decides to suspend financial regulations 4.2(b) and 4.2(c), for the biennium 1998-1999, with respect to the unutilized balances of appropriations for the 1992-1993 biennium, for the purpose of retaining the amount of

$1,194,924 to partially finance the staff separation programme, as reported in document IDB.20/11;

"(e) Notwithstanding financial regulation 5.2(b), authorizes the Director-General to distribute the interest income earned in excess of the budgetary estimates for 1999, if any, to eligible Member States in accordance with the incentive mechanism ("S" curve) described in paragraphs 9 to 13 of document IDB.21/4, or to utilize those funds for purposes specified by the above-mentioned Member States;

"(f) Urges those Member States that have not yet paid their assessed contributions, including advances to the Working Capital Fund, and prior years arrears to do so without delay;

"(g) Requests the Director-General to pursue his efforts and contacts with Member States to effect the collection of arrears and to include information thereon in his report to the sixteenth session of the Programme and Budget Committee."

Table 1
Regular budget cash flow (including Working Capital Fund), 1 January -31 August 1999
(In millions of US dollars)

	1999	1998	1997
Opening balance (1 January)	9.6	13.5	4.1
Receipts			
Assessed contributions:			
- Current year	45.5	48.2	54.4
- Prior years	6.4	5.4	10.1
Other income	7.7	6.1	7.3
Total receipts	59.6	59.7	71.8
Disbursements			
Regular budget	44.8	37.2	58.0
Separation indemnity	0.1	9.3	1.0
United Nations Loan	1.0	1.0	1.0
Prior biennium's obligations (net)	-	6.9	-
Receivables/payables/revaluation (net)	-0.2	-0.7	-0.9
Total disbursements	45.7	53.7	59.1
Closing balance (including Working Capital Fund of $6.6 million)—31 August	23.5	19.5	16.8

Table 2
Staff separation programme: financial status as at 31 August 1999
(In millions of US dollars)

Authorized from 1994-1995 (GC.7/Dec.17)	13.9
Unspent balance (GC.6/Dec. 15)	2.0
Total	15.9
Staff separation estimates	10.5
Disbursements	10.0
Expected savings (total amount approved—staff separation estimates)	5.4

Table 3
Status of the Working Capital Fund, as at 31 August 1999
(In US dollars)

Advances from Member States	6,558,060
Unpaid advances	51,940
Working Capital Fund	6,610,000

Table 4
Operational budget: status as at 31 August 1999
(In millions of US dollars)

Technical cooperation delivery	60.1
Reserve balance (1 January 1999)*	2.6
Income	7.3
Expenditure	(8.1)
Reserve balance (31 August 1999)	1.8

*Adjusted balance—reflects savings on liquidation of prior biennium's obligation.

Table 5 (a)

REGULAR BUDGET PERFORMANCE REPORT FOR 1998-1999

Status of implementation by major programme, 1 January 1998 to 31 August 1999
(In thousands of US dollars at US$ 1 = AS 12.90)

Major Programme	Adjusted [1] appropriation (a)			Actual expenditure/income 1/1/98 to 31/8/99 (b)			Implementation of gross appropriations (b/a)	Unutilized balance at 31/8/99 (c)=(a-b)		
	Gross	Income	Net	Gross	Income [2]	Net	%	Gross	Income	Net
A Policy-making Organs	6,085.6		6,085.6	3,946.2		3,946.2	65	2,139.4		2,139.4
B General Management	11,455.2		11,455.2	9,075.2		9,075.2	79	2,380.0		2,380.0
C Strengthening of Industrial Capacities	40,975.7		40,975.7	25,588.9		25,588.9	62	15,386.8		15,386.8
D Cleaner and Sustainable Industrial Development	14,171.7		14,171.7	9,965.1		9,965.1	70	4,206.6		4,206.6
E Regional Programme Management	20,214.7	895.5	19,319.2	15,507.5	433.2	15,074.3	77	4,707.2	462.3	4,244.9
F Technical Cooperation Management	7,421.9		7,421.9	5,476.9		5,476.9	74	1,945.0	-	1,945.0
G Administration, excluding BMS	23,018.2	255.3	22,762.9	21,622.1	176.3	21,445.8	94	1,396.1	79.0	1,317.1
(Buildings Management Service) [3]	42,157.3	33,300.5	8,856.8	25,963.7	15,938.2	10,025.5	62	16,193.6	17,362.3	(1,168.7)
TOTAL	165,500.3	34,451.3	131,049.0	117,145.6	16,547.7	100,597.9	71	48,354.7	17,903.6	30,451.1

Notes:

[1] See GC.8/12.

[2] Excluding miscellaneous income.

[3] Actual income is based on disbursements only.

Table 3 (b)

REGULAR BUDGET PERFORMANCE REPORT FOR 1998-1999

Status of implementation by major object of expenditure, 1 January 1998 to 31 August 1999
(In thousands of US dollars at US$ 1 = AS 12.90)

Major object of expenditure	Adjusted appropriation [1] (a)	Actual expenditure/income 1/1.98 to 31/8.99 (b)			Implementation (b/a)	Unutilized balance at 2 1/8.99 (c) (c)=(a-b)
Gross		Total, excl BMS	BMS [2]	Total	%	
100 Staff costs	92,312.4	66,749.7	8,938.9	75,688.6	82	16,623.8
200 Official travel	2,196.7	967.2	-	967.2	44	1,229.5
300 Contractual services	694.7	481.3	-	481.3	69	213.4
400 General operating expenses	28,109.1	4,470.3	16,793.4	21,263.7	76	6,845.4
500 Supplies and materials	894.6	342.6	103.8	446.4	50	448.2
600 Acquisition of furniture and equipment	660.6	49.4	24.6	74.0	11	586.6
700 EDP non-staff costs	4,164.1	3,107.0	-	3,107.0	75	1,057.1
800 Technical cooperation and IDDA	13,676.7	5,735.8	-	5,735.8	42	7,940.9
900 Other expenditures	22,791.4	9,278.6	103.0	9,381.6	41	13,409.8
Total A	165,300.3	91,181.9	25,963.7	117,145.6	71	48,354.7
Income [3]						
100 Staff costs	9,361.6	192.2	6,732.0	6,924.2	74	2,437.4
200 Official travel	6.8	-				6.8
400 General operating expenses	18,722.4	-	9,114.6	9,114.6	49	9,607.8
500 Supplies and materials	194.7	-	60.6	60.6	31	134.1
600 Acquisition of furniture and equipment	315.1	-	15.8	15.8	5	299.3
900 Other expenditures	3,850.7	417.3	15.2	432.5	7	5,418.2
Total B	34,451.3	609.5	15,938.2	16,547.7	48	17,903.6
TOTAL A-B	131,049.0	90,572.4	10,025.5	100,597.9	77	30,451.1

Notes

[1] See GC.8/12.

[2] Actual income reflects disbursements only.

[3] Excluding miscellaneous income.

Annex I

STATUS OF ASSESSED CONTRIBUTIONS TO THE UNIDO REGULAR BUDGET

As at 31 August 1999

	Outstanding contributions (In equiv. US dollars) (at RoE: 12.8796)[1]	Year(s) outstanding	Status of voting rights[2]
Afghanistan	64,596	1992(P)-1999	NO
Albania	23,257	1996(P)-1999	NO
Algeria	148,793	1999	
Angola	11,662	1998(P)-1999	
Argentina	2,021,512	1996(P)-1999	NO
Armenia	804,465	1992-1999	NO
Austria	-		
Azerbaijan	1,233,371	1993-1999	NO
Bahamas	31,710	1998(P)-1999	
Bahrain	-		
Bangladesh	-		
Barbados	-		
Belarus	902,818	1996(P)-1999	NO
Belgium	-		
Belize	-		
Benin	12,160	1998(P)-1999	
Bhutan	6,216	1999(P)	
Bolivia	67,509	1992(P)-1999	NO
Bosnia and Herzegovina	210,293	1992-1999	NO
Botswana	6,429	1999(P)	
Brazil	8,708,951	1995(P)-1999	NO
Bulgaria	71,243	1999	
Burkina Faso	54,246	1993(P)-1999	NO
Burundi	57,783	1993(P)-1999	NO
Cambodia	37,529	1995(P)-1999	NO
Cameroon	8,961	1998(P)-1999	
Cape Verde	81,981	1991(P)-1999	NO
Central African Republic	97,956	1989(P)-1999	NO
Chad	82,306	1991-1999	NO
Chile	94,214	1998(P)-1999	
China	677,540	1999	
Colombia	-		
Comoros	117,998	1986-1999	NO
Congo	92,624	1989(P)-1999	NO
Costa Rica	80,714	1991(P)-1999	NO
Cote d'Ivoire	5,144	1999(P)	
Croatia	167,852	1998(P)-1999	
Cuba	210,415	1996(P)-1999	NO
Cyprus	-		
Czech Republic	717	1999(P)	
Democratic People's Republic of Korea	398,656	1992(P)-1999	NO
Democratic Republic of the Congo	91,788	1989(P)-1999	NO
Denmark	-		
Djibouti	82,002	1991(P)-1999	NO
Dominica	30,255	1995(P)-1999	NO
Dominican Republic	250,356	1986-1999	NO
Ecuador	83,025	1996(P)-1999	NO
Egypt	-		
El Salvador	106,418	1988-1999	NO
Equatorial Guinea	117,998	1986-1999	NO
Eritrea	25,880	1996(P)-1999	NO
Ethiopia	-		
Fiji	17,278	1997(P)-1999	
Finland	-		
France	-		

	Outstanding contributions (In equiv. US dollars) (at RoE: 12.8796)[1]	Year(s) outstanding	Status of voting rights[2]
Gabon	51,837	1995(P)-1999	NO
Gambia	74,394	1991(P)-1999	NO
Georgia	1,411,764	1992-1999	NO
Germany	-		
Ghana	7,253	1998(P)-1999	
Greece	-		
Grenada	85,466	1990(P)-1999	NO
Guatemala	197,033	1990(P)-1999	NO
Guinea	50,699	1994(P)-1999	NO
Guinea-Bissau	102,681	1988(P)-1999	NO
Guyana	159	1999(P)	
Haiti	-		
Honduras	65,210	1992(P)-1999	NO
Hungary	-		
India	-		
Indonesia	235,472	1998(P)-1999	
Iran (Islamic Republic of)	1,139,748	1997(P)-1999	
Iraq	1,282,048	1990(P)-1999	NO
Ireland	-		
Israel	41,881	1999(P)	
Italy	61,962	1999(P)	
Jamaica	12,916	1998(P)-1999	
Japan	7,154,929	1999(P)	
Jordan	-		
Kazakhstan	512,782	1997-1999	NO
Kenya	1,980	1999(P)	
Kuwait	-		
Kyrgyzstan	325,093	1993-1999	NO
Lao People's Democratic Republic	-		
Lebanon	6,443	1999	
Lesotho	10,648	1998(P)-1999	
Liberia	90,764	1990(P)-1999	NO
Libyan Arab Jamahiriya	348,800	1998(P)-1999	
Lithuania	528,548	1994(P)-1999	NO
Luxembourg	-		
Madagascar	7,276	1998(P)-1999	
Malawi	27,916	1996(P)-1999	NO
Malaysia	5,281	1999(P)	
Maldives	11,494	1998(P)-1999	
Mali	48,172	1994(P)-1999	NO
Malta	-		
Mauritania	100,185	1988(P)-1999	NO
Mauritius	-		
Mexico	-		
Mongolia	6,443	1999	
Morocco	-		
Mozambique	-		
Myanmar	6,443	1999	
Namibia	-		
Nepal	5,727	1999(P)	
Netherlands	-		
New Zealand	-		
Nicaragua	117,998	1988-1999	NO
Niger	82,012	1991(P)-1999	NO
Nigeria	191,919	1998(P)-1999	
Norway	-		
Oman	-		
Pakistan	51,627	1999(P)	
Panama	28,009	1996(P)-1999	NO
Papua New Guinea	21,314	1997(P)-1999	
Paraguay	6,622	1998(P)-1999	
Peru	156,227	1997(P)-1999	
Philippines	-		
Poland	-		
Portugal	258,525	1999(P)	

	Outstanding contributions (In equiv. US dollars) (at RoE: 12.8796)[1]	Year(s) outstanding	Status of voting rights[2]
Qatar	83,246	1997(P)-1999	
Republic of Korea	-		
Republic of Moldova	768,338	1993(P)-1999	NO
Romania	135,430	1999	
Russian Federation	7,592,483	1998(P)-1999	
Rwanda	61,875	1993(P)-1999	NO
Saint Kitts and Nevis	40,273	1995(P)-1999	NO
Saint Lucia	1,891	1999(P)	
Saint Vincent and the Grenadines	97,484	1989(P)-1999	NO
Sao Tome and Principe	117,998	1986-1999	NO
Saudi Arabia	2,126,544	1997(P)-1999	
Senegal	6,824	1998(P)-1999	
Seychelles	34,714	1995(P)-1999	NO
Sierra Leone	83,379	1990(P)-1999	NO
Slovakia	-		
Slovenia	64,134	1999(P)	
Somalia	117,998	1986-1999	NO
Spain	-		
Sri Lanka	-		
Sudan	909	1999(P)	
Suriname	27,440	1996(P)-1999	NO
Swaziland	5,287	1999(P)	
Sweden	398,872	1999(P)	
Switzerland	-		
Syrian Arab Republic	100,012	1998(P)-1999	
Tajikistan	242,176	1993(P)-1999	NO
Thailand	-		
The former Yugoslav Republic of Macedonia	12,879	1998(P)-1999	
Togo	63,223	1993(P)-1999	NO
Tonga	-		
Trinidad and Tobago	61,337	1997(P)-1999	
Tunisia	-		
Turkey	-		
Turkmenistan	171,383	1995-1999	NO
Uganda	45,792	1994(P)-1999	NO
Ukraine	8,475,873	1994(P)-1999	NO
United Arab Emirates	94,605	1999(P)	
United Kingdom of Great Britain and Northern Ireland	-		
United Republic of Tanzania	65,805	1992(P)-1999	NO
Uruguay	46,426	1998(P)-1999	
Uzbekistan	397,530	1996(P)-1999	NO
Vanuatu	68,450	1992(P)-1999	NO
Venezuela	437,577	1998(P)-1999	
Viet Nam	-		
Yemen	81,026	1991(P)-1999	NO
Yugoslavia[3]	1,825,563	1990(P)-1999	NO
Zambia	43,367	1994(P)-1999	NO
Zimbabwe	10,658	1998(P)-1999	
Sub-total (168 Member States)	56,339,181		
United States of America[4]	62,113,175	1994(P)-1996	NA
Total	**118,452,356**		

Summary of outstanding contributions by year:

	Dollars	Schillings	Total dollar equivalent (at RoE: 12.8796)
1986	45,081		45,081
1987	47,561		47,561
1988	74,508		74,508
1989	100,098		100,098
1990	487,270		487,270
1991	740,977		740,977
1992	973,680		973,680
1993	1,419,506		1,419,506
1994	9,548,399		9,548,399
1995	35,472,073		35,472,073
1996	32,252,844		32,252,844
1997	7,122,827		7,122,827
1998	1,832,402	107,468,647	10,176,519
1999	3,599,609	211,114,424	19,991,013
Total	**93,716,835**	**318,583,071**	**118,452,356**

Notes:

(P): Partial payment

1. RoE - Rate of Exchange: According to financial rule 110.7, all UNIDO transactions, in currencies other than United States dollars, shall be recorded at the official rate of exchange established by the United Nations between the dollar and other currencies.

2. The voting rights of 67 Member States have been suspended.

3. In accordance with General Conference resolution GC/S.1/Res.1, the Federal Republic of Yugoslavia (Serbia and Montenegro) cannot continue automatically the membership of the former Socialist Federal Republic of Yugoslavia in UNIDO.

4. Member State of UNIDO until 31 December 1996.

Annex II

Progress on payment plans

Status as at 31 August 1999

(In equivalent United States dollars)

Member State	Outstanding Contributions 31 August 1999[1]	Payment Received[2] Payment Plan	Payment Received[2] June 1998 to August 1999
(a) Concluded payment plans			
Burkina Faso[3]	54,246	-	40,326
Subtotal (1 country)	**54,246**		**40,326**
(b) Shown interest in payment plans			
Cambodia	37,529	-	-
Democratic People's Republic of Korea	398,656	-	-
Gabon	51,837	-	-
Georgia	1,411,764	-	-
Guinea	50,699	-	-
Kenya[4]	1,980	-	28,641
Turkmenistan	171,383	-	-
Ukraine	8,475,873	-	200,000
Yemen	81,026	-	6,344
Subtotal (9 countries)	**10,680,747**		**234,985**
(c) Partial payments made			
Albania	23,257	-	50,000
Belarus	902,818	-	811,746
Bolivia	67,509	-	8,019
Croatia	167,852	-	366,709
Dominica	30,255	-	40,982
Ecuador	83,025	-	39,375
Grenada	85,466	-	7,876
Honduras	65,210	-	10,194
Libyan Arab Jamahiriya	348,800	-	651,684
Lithuania	528,548	-	152,900
Saudi Arabia	2,126,544	-	1,123,237
Seychelles	34,714	-	37,651
Tajikistan	242,176	-	14,825
Subtotal (13 countries)	**4,706,174**		**3,315,198**

Member State	Outstanding Contributions 31 August 1999[1]	Payment Received[2] Payment Plan	Payment Received[2] June 1998 to August 1999
(d) No payment or response			
Afghanistan	64,596	-	-
Armenia	804,465	-	-
Azerbaijan	1,233,371	-	-
Bosnia and Herzegovina	219,293	-	-
Brazil	8,708,951	-	-
Burundi	57,783	-	-
Cape Verde	81,981	-	-
Central African Republic	97,956	-	-
Chad	82,306	-	-
Comoros	117,998	-	-
Congo	92,624	-	-
Costa Rica	80,714	-	-
Democratic Republic of the Congo	91,788	-	-
Djibouti	82,002	-	-
Dominican Republic	250,356	-	-
El Salvador	106,418	-	-
Equatorial Guinea	117,998	-	-
Gambia	74,394	-	-
Guatemala	197,033	-	-
Guinea-Bissau	102,681	-	-
Iraq	1,282,048	-	-
Kyrgyzstan	325,093	-	-
Liberia	90,764	-	-
Mali	48,172	-	-
Mauritania	100,185	-	-
Nicaragua	117,998	-	-
Niger	82,012	-	-
Republic of Moldova	768,338	-	-
Rwanda	61,875	-	-
Saint Kitts and Nevis	40,273	-	-
Saint Vincent and the Grenadines	97,484	-	-
Sao Tome and Principe	117,998	-	-
Sierra Leone	83,379	-	-
Somalia	117,998	-	-
Togo	63,223	-	-
Uganda	45,792	-	-
United Republic of Tanzania	65,805	-	-
Vanuatu	68,450	-	-
Zambia	43,367	-	-
Subtotal (39 countries)	**16,275,962**	-	-
Total (62 countries)	**31,717,129**	-	**3,590,509**

1. Based on exchange rate US dollar 1 = ATS 12.8796

2. From 1 June 1998 to 31 August 1999 based on exchange rate effective on the dates of receipt.

3. No payment received after signing the agreement.

4. Only current year assessment is due. Therefore, no need of a payment plan.

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11 October 1999

United Nations Industrial Development Organization

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GENERAL CONFERENCE

Eighth session
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Item 12 of the provisional agenda

MOBILIZATION OF FINANCIAL RESOURCES FOR UNIDO PROGRAMMES (INCLUDING THE INDUSTRIAL DEVELOPMENT FUND)

Funds mobilization: the next challenge in the transformation process

Note by the Director-General

Introduction

1. The Industrial Development Board at its twenty-first session requested the Director-General to attach high priority to activities of the UNIDO Secretariat aimed at mobilizing extrabudgetary resources for high-priority projects (IDB.21/Dec.5). The Board furthermore requested the Director-General to submit a report to its next session suggesting ways and means of generating funds for the Organization for the purpose of implementing technical cooperation programmes, including the revitalization of the Industrial Development Fund (IDB.21/Dec.10).

2. The present report is submitted to the General Conference in view of the vital importance of resource mobilization for the integrated programmes and other technical cooperation activities that have been developed in response to the Business Plan adopted by Member States. The document also constitutes a further Secretariat contribution to the discussion of this fundamental issue in line with Board decision IDB.19/Dec.2, paragraph (h) of which emphasizes collective dialogue between the Member States and the Secretariat on programmatic issues and initiatives taken to implement the Business Plan.

Executive summary

3. Within the framework of its programmatic transformation UNIDO has launched 30 integrated programmes, which are at present (30 September 1999) at various levels of development. The total programme portfolio amounts to approximately $210 million to be disbursed over a period of four years. A further 16 integrated programmes are being formulated during the last quarter of 1999, bringing the total portfolio to approximately $260 million.

4. A major effort was undertaken by the Organization to start field-level activities and to attract the extra-budgetary resources necessary for programme implementation. These efforts were undertaken in partnership with recipient Governments, UNDP and in close dialogue with donor Governments. As a result, some $42 million has been allocated or has reached a very advanced stage of negotiation. These resources constitute a mix of UNIDO's own programmable resources under the Regular Programme for Technical Cooperation, the Industrial Development Decade for Africa and the general convertible pool of the Industrial Development Fund (16.9 per cent), contributions by donor Governments

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(58.3 per cent), self-financing contributions by recipient Governments (9.3 per cent), UNDP (11.6 per cent) and other contributions from development finance institutions, United Nations funds and the private sector (3.9 per cent). It should be noted that a part of the programmes were funded through previous pledges to UNIDO for which donor approval could now be obtained.

5. Despite the progress made and the major effort undertaken by the Secretariat together with its partners, additional and continued support is required from Member States to provide the Organization with the means to prove the impact and relevance of its technical cooperation activities and to achieve for the next biennium an annual funding target of $90 million, including integrated programmes and single module projects but excluding Montreal Protocol. In this connection, the present paper focuses also on structural limitations of the present funding base and suggests action needed to achieve more adequate, efficient, predictable and programmable financing for the Organization's technical cooperation activities.

I. INITIAL RESULTS OF THE PROGRAMMATIC TRANSFORMATION

6. The experience acquired and the preliminary results achieved under the ongoing programming phase, as summarized in the annex, already show that, once translated into field activities, the new programmatic approach drastically enhances UNIDO's impact and relevance. The new approach is considered the only possible path for the Organization to align itself with a reformed, more cohesive United Nations system and with the policies of donor countries.[1]

7. Funding requirements should be seen in the perspective of the programmatic transformation of UNIDO, which required that major investments be made in the development of packages of integrated services, as called for by the Business Plan. Such investments relate to the staff time inputs for planning, conceptualizing and formulating the programmes and the development of new processes for the implementation of the programmes based on a multidisciplinary team approach. Programme guidelines have been developed and performance indicators have been established to assess the impact of the programmes on manufacturing value added, productivity, total output, exports and employment (IDB.21/24). These regular budget-funded investments will make sense only if the integrated programmes actually materialize through appropriate voluntary contributions.

8. In addition, UNIDO has continued to develop projects for those countries not covered by the integrated programmes based on new service modules formulated under the programmatic phase of the transformation process.

9. The total portfolio of 30 integrated programmes amounts to approximately $210 million. A further 16 integrated programmes are being formulated during the last quarter of 1999, bringing the total portfolio to approximately $260 million phased for implementation over a period of four years. As at 30 September 1999, the Organization has been able to approve and/or is at an advanced stage of negotiations on funding for integrated programmes for a total amount of $42 million (of which $18.9 million is approved, $9 million is expected to be approved by the end of 1999 and $14 million to be approved in the first half of 2000). This figure includes the utilization of previous pledges for which donor approval could now be obtained. In addition, single module projects in countries not covered by integrated programmes have been funded for a total of $21.7 million. It should be noted that the above figures do not include Montreal Protocol projects.

10. Considering the completely new approach being followed by the Organization, it is difficult to provide clear-cut indications of the resources that UNIDO will actually be able to mobilize in the short and medium term. The experience acquired so far, however, already indicates some trends that can be used to set realistic funding targets for the Organization. Based on the above trends, an annual funding target for the Organization would be $90 million, including integrated programmes and single module projects but excluding Montreal Protocol.

11. The resources allocated to integrated programmes or for which there is a high likelihood of approval in the short term are apportioned as shown in table 1. Table 2 shows single module project approvals for countries outside the integrated programmes.

12. Figure 1 shows the approval trends and projected funding requirements.

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[1] See, for example, "Efforts and Policies of the Members of the Development Assistance Committee", *Development Co-operation*, 1998 Report, 1999 Edition. Organisation for Economic Cooperation and Development

Table 1. Integrated programmes—sources of funds
(percentage)

Fund source, including programme support costs *Fund source in percentage*	*Existing Approvals $18.9 million* %	*Anticipated Approvals $23 million* %	*Total Allocation $42 million* %
UNIDO seed money for the Regular Programme and the Industrial Development Decade for Africa/General Convertible Pool of the Industrial Development Fund	34.7	2.2	16.9
Contributions by donor countries (third party)	55.5	60.5	58.3
Self-financing and cost-sharing contributions (in cash) by recipient Governments		16.9	9.3
UNDP	9.8	13.0	11.6
Development finance institutions		5.9	3.2
Other		1.5	0.7
Total	100.0	100.0	100.0

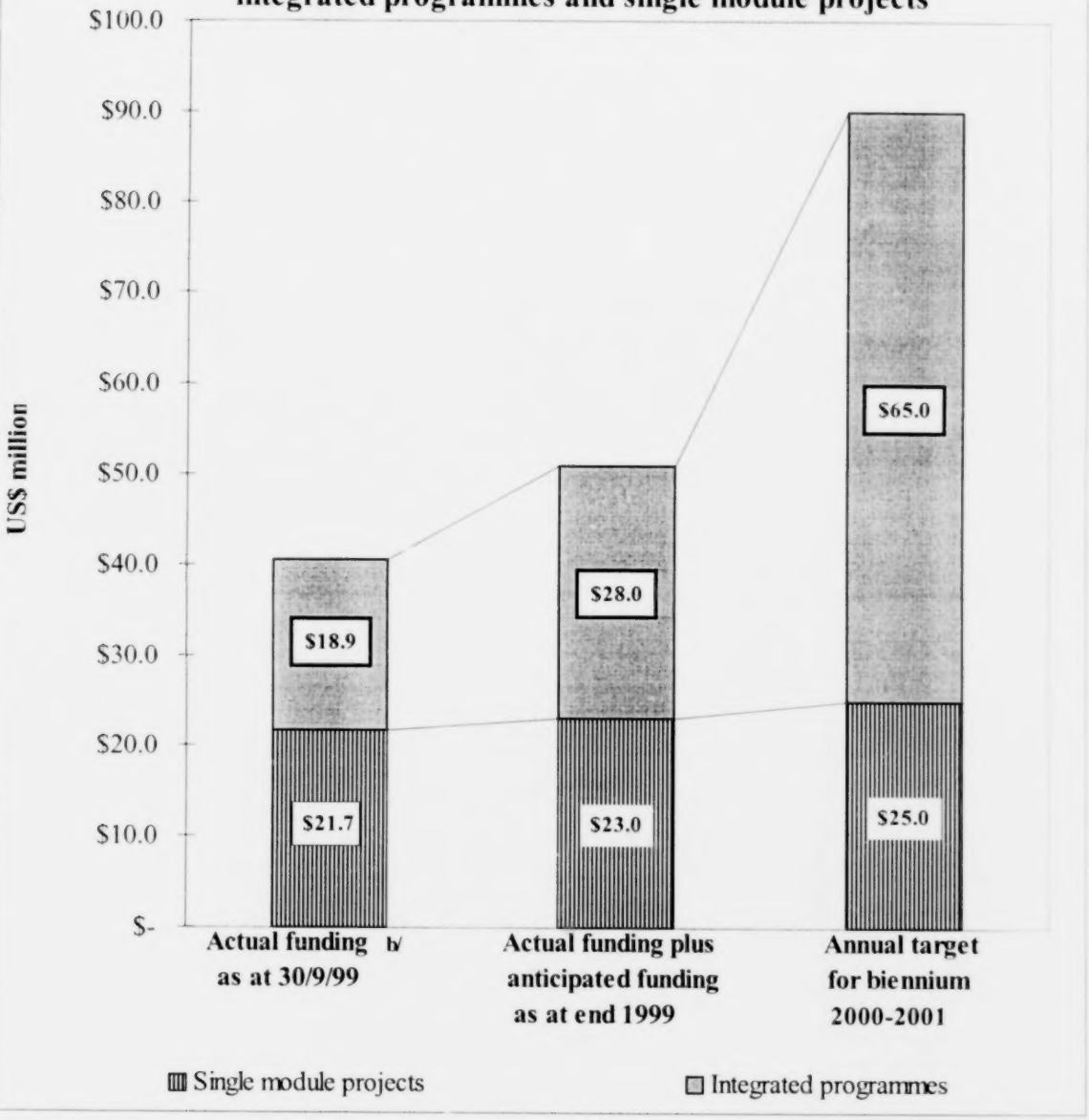
Table 2. Single module project approvals—sources of funds
(percentage)

Fund source, including programme support costs *Fund source in percentage*	*Existing Approvals $21.7 million* %
UNIDO seed money for the Regular Programme and the Industrial Development Decade for Africa	8.2
Contributions by donor countries (third party)	53.1
Self-financing and cost-sharing contributions (in cash) by recipient Governments	10.0
UNDP	23.7
Development finance institutions	0.0
Other	5.0
Total	100.0

The above percentages show that the bulk of contributions, both for the integrated programmes and for projects, is provided by donor countries as third party contributions (58% and 53% respectively). The percentages also show that progress has been made to diversify funding sources, notably through strong cooperation with UNDP and through self-financing or cost sharing contributions from recipient Governments.

Figure 1 a/

Approval trends and projected funding requirements for integrated programmes and single module projects



a/ Excludes approvals under Montreal Protocol.
Programme support costs are included in "approvals" and "funding requirements".

b/ Refers to project allotment documents issued as at 30 September 1999.

II. VOLUNTARY CONTRIBUTIONS: THE SHORTCOMINGS

13. The situation outlined above shows a positive trend. However, it is also clear that additional efforts will be required to create a stronger and more stable funding base for the benefit of recipient countries. In a spirit of partnership and joint responsibility for the successful finalization of UNIDO's transformation, it is the Director-General's duty to draw the attention of Member States to the main shortcomings of the existing funding structure. These shortcomings are summarized in paragraphs 14 to 21 below.

The Regular Programme for Technical Cooperation cannot be increased beyond 6 per cent of the regular budget

14. The Regular Programme for Technical Cooperation is limited by UNIDO's Constitution to 6 per cent of the regular budget. Considering the delayed payments of assessed contributions, Regular Programme funds can be fully released only towards the end of the biennium, thereby further limiting programming flexibility.

The level of freely programmable resources is extremely low

15. Apart from the very limited regular budget resources for technical cooperation, UNIDO has only some $1 million per year in freely programmable resources under the general-purpose convertible pool of the Industrial Development Fund. For this reason, responding to the demands of recipient countries cannot be as prompt and effective as UNIDO and recipient countries would find suitable. Seed money for programme preparation and co-funding, which are of key importance in mobilizing other resources, are extremely limited.

The level of voluntary contributions is insufficient to meet demand

16. The total amount of voluntary contributions by Member States (approximately $27 million per year) is insufficient to meet the growing demand for UNIDO services. The total amount is far below the Industrial Development Fund target set by Member States of $50 million for the Fund alone upon its establishment.

The number of major donors of voluntary contributions is limited

17. The bulk of voluntary contributions to the Industrial Development Fund and trust funds is provided by a limited number of major donor countries. Other donors that provide substantive contributions to other United Nations funds, programmes and other specialized agencies and that were actively involved in the development/ approval process of the UNIDO Business Plan have not yet decided to support the programmatic transformation through voluntary contributions.

Programme financing is difficult to achieve due to the special-purpose nature of most donor contributions

18. The integrated programme approach offers increased efficiency and cost-effectiveness through the synergy between programme components. To realize this synergy, it is essential that sufficient flexible funds be provided. Current funding is almost exclusively earmarked for specific components or projects, which may result in a loss of potential synergy if important programme components are not funded.

The approval process is lengthy and thus costly both for donors and UNIDO

19. Experience shows that the negotiation and approval process for special-purpose contributions averages from one to two years. However, rapid changes in the industrial sector necessitate updating and revision of programme and project documents every six to twelve months. Ways and means to shorten the approval process (such as an increasing share of freely-programmable voluntary contributions) need to be found to ensure programme relevance, cost-effectiveness and sustainability.

Resources tend to concentrate

20. Donors mainly allocate special-purpose contributions to a limited number of recipients and types of services.

A considerable portion of special-purpose contributions are earmarked for institutions in donor countries (e.g. Investment Promotion Services) versus country-related activities

21. While these types of contributions constitute important complementary and supplementary resources to country-related programmes, they cannot be used for financing of country-level integrated programmes entrusted to UNIDO by the Business Plan.

III. TOWARDS NEW TARGETS AND TYPES OF VOLUNTARY CONTRIBUTIONS

22. UNIDO has a three-tier approach to supporting countries in their industrial development:

- In the **long term** UNIDO aims at ensuring that, through adequate levels of industrialization, countries no longer need to depend on aid. UNIDO's integrated programmes will contribute to the mobilization of domestic resources, encourage private investment flows and the development of the private sector, all key elements of economic growth and employment.

- In the **medium term** UNIDO will play an active role in global funding-related initiatives such as the United Nations high-level intergovernmental forum on financing for development to be held in 2001. Furthermore, UNIDO is already active in country-level initiatives, such as the United Nations Development Assistance Framework and the World Bank Comprehensive Development Framework, as well as donor round tables and consultative groups.

- In the **short term**, and considering the funding weaknesses as well as the need to finalize the transformation process through country-level initiatives, it is recommended that all Member States—industrialized and developing countries alike—reconsider their policies for contributions to the Industrial Development Fund.

23. To facilitate the decision-making process with respect to the future financial support towards the Organization's technical cooperation activities, an overview of types of contributions and their respective advantages is provided in table 3.

Table 3. Types of resources and their respective advantages

Type of resources	Advantages
Fully programmable contributions (general-purpose segment of IDF)	• High speed of response • No additional administrative costs to donor for appraisal, negotiation and approval of the programme • Facilitate co-funding and inter-agency cooperation at field/project level • Strengthen full ownership by recipients (Development Assistance Committee (DAC) principles) • Enhance focus on UNIDO's core mandates and policies
Framework programmable contributions (Danish model: Free programming of IDF contribution based on priorities mutually agreed upon)	• High speed of response • High degree of flexibility for programming towards integrated programmes • Facilitate co-funding and inter-agency cooperation at field/project level • Cost savings for donors due to shorter negotiation process for overall umbrella contribution • Enhance focus on UNIDO's core mandates and policies • Permit targeting donors' broad geographical and thematic priorities
Special-purpose contributions to IDF or trust funds	• Allow contributions towards individual programme components and projects reflecting donors' geographical and thematic priorities • Enable access to single-purpose funds • Facilitate complementarily and cooperation with bilateral assistance • Allow donor to obtain domestic returns from multilateral spending • Facilitate programming of decentralized funds • Facilitate provision of tailor-made services to recipients and donors alike based on UNIDO expertise under the service modules • Allow economically more advanced countries to use this mechanism for enhanced South-South cooperation and as a tool for knowledge and experience sharing
Self-financing contributions to the Industrial Development Fund or trust funds	• Mobilize domestic resources for joint activities and demonstrate level of commitment
Funding for UNIDO-related institutions in donor countries (as special-purpose IDF contributions or trust funds)	• Fund important centres complementary to country-related programmes, part of overall infrastructure and networks for investment and technological development

IV. PROGRAMME REVIEW BY MEMBER STATES

24. A decision on future funding policies should be taken also in light of the need for a strong substantive dialogue with Member States. In fact, an improved funding base and the availability of programmable resources will allow for a reinvigorated, more substantive dialogue with Member States built upon the participatory approach successfully experienced during the development and approval of the Business Plan, as follows:

(a) Through the consideration of UNIDO's programmatic activities, Member States will play a key role in determining the priorities and areas of substantive focus of the Organization;

(b) As the Secretariat has to account for the use made of programme resources allocated for the implementation of integrated programmes, the governing bodies will constitute a forum for reporting and for feedback of lessons learned.

V. RECOMMENDED ACTION BY MEMBER STATES

25. In line with General Assembly resolution 53/192 of 15 December 1998, in support of the transformation process of UNIDO based on the Business Plan, and considering preliminary achievements as well as shortcomings in the present funding base, the Director-General proposes the following action:

(a) Member States are requested to take account of the information provided in document GC.8/21 concerning the unutilized balances of appropriations for the bienniums 1992-1993 and 1996-1997, and to consider the extent to which these amounts could be applied to accelerate implementation of the integrated programmes;

(b) All donors are urged to provide all or part of their voluntary contributions to the general-purpose programmable segment of the Industrial Development Fund. Such fully programmable contributions are a vital requirement for the implementation of the Business Plan via the integrated programmes. These contributions will be utilized mainly for preparatory activities and for co-funding central components of the programmes in close complementarity with the Regular Programme of Technical Cooperation and the Industrial Development Decade for Africa;

(c) As a manifestation of their support of the transformation process and of their solidarity with UNIDO and its mission, all developing countries and countries with economies in transition are urged to provide contributions to the general-purpose programmable segment of the Industrial Development Fund. Through a larger number of such contributions— including those of a small size—the overall funding level of these programmable resources can be increased substantially;

(d) In addition, or as a complement to fully programmable contributions, major donor countries, countries with economies in transition as well as the economically more advanced developing countries should consider following the example of Denmark and provide annual "framework contributions" programmable by UNIDO on the basis of mutually-agreed geographical and thematic priorities;

(e) In addition to their general-purpose contributions, major donor countries should consider increasing special-purpose contributions of a multilateral nature and should facilitate access to bilateral financial resources in order to ensure full funding of the integrated programmes. In this connection, participation of donor countries in UNIDO programming missions will be of importance to jointly develop activities of relevance for recipients;

(f) Major donors to the United Nations system that are not providing contributions to UNIDO should review their pledging policies vis-à-vis the Organization;

(g) Donor countries that are in the process of considering the provision of contributions for programme components already identified should ensure a speedy approval process to help UNIDO maintain the momentum of the programmes and achieve fast field-level impact;

(h) All donors in a position to do so should consider indicating their multi-year funding intentions with a view to improving the predictability of the funding base of the Organization;

(i) The economically more advanced developing countries and countries with economies in transition should consider providing contributions of an ECDC (economic cooperation among developing countries) nature which will facilitate cooperation based on their experience and expertise;

(j) Beneficiaries of integrated programmes should contribute to the cost of the programme through cost-sharing as an indication of their support to, ownership of and interest in the activities jointly developed. Such contributions should be provided on the basis of the

recipient's level of development, with a minimum of 10 per cent of programme cost;

(k) Those Member States that are also members of the European Union should actively support UNIDO's efforts to access funding or co-funding from the European Commission, along the lines of the support extended by the Commission to other specialized agencies, United Nations funds and programmes. Funding will be facilitated and constitute concrete follow-up action to the agreement between the United Nations and the European Community "on the principles applying to the financing or co-financing by the Community of programmes and projects administered by the United Nations" signed by the United Nations and the European Community in July 1999;

(l) Recipient countries should share with UNIDO the funds mobilization efforts and specifically assist in identifying and accessing funds available at the country level-particularly from UNDP, the World Bank and other development finance institutions. Official requests from the recipient country are a precondition for accessing funds from these institutions;

(m) Member States are also urged to support UNIDO efforts to access funding from the Global Environment Facility (GEF), in particular, in the field of climate change and for the programme components relating to rural energy development, energy efficiency and renewable energies formulated under the framework of the integrated programmes. Synergies with GEF will support efforts by GEF and its implementing agencies, in particular UNDP, to develop a larger pipeline of high-quality projects. UNIDO support will furthermore strengthen national capacities to identify, formulate and implement projects, in particular in the GEF focal area relating to climate change.

Annex

INITIAL RESULTS OF THE PROGRAMMATIC TRANSFORMATION

The advantages and experience gained of the new approach are:

Objectives	Advantages of the new methodology
Systemic vision of sustainable industrial development	The starting point for the integrated programme approach is a systemic vision of sustainable industrial development and the need to achieve a reasonable balance among economic, social and environmental considerations. This can best be achieved through a multidisciplinary approach combining the expertise of various UNIDO service modules.
Partnerships and support to locally-led efforts	The new methodology facilitates the development of demand-driven integrated programmes tailored to solve critical problems that constrain the achievement of the country's industrial objectives. The new approach focuses on result-oriented solutions derived from dialogue with and involvement of counterparts to ensure effective local ownership of the programmes developed.
Strengthened inter-agency cooperation and integrated efforts at field level	The new methodology is an indispensable tool for UNIDO's involvement in country-level programme initiatives by the United Nations system (United Nations Development Assistance Framework) and the World Bank (Comprehensive Development Framework), as well as for building up synergies with other external aid programmes.
Transparency and result orientation	Performance indicators have been developed as an essential element of the programming methodology. Impact indicators to monitor and assess results will be applied to all UNIDO programmes in order for UNIDO to be able to account for the use of programme resources.

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Item 11 (g) of the provisional agenda

Industrial Development Board

Resumed twenty-first session
Vienna, 29 November 1999
Agenda item 4 (j)

IMPLICATIONS OF THE EURO FOR UNIDO

Intersessional working group on proposed amendments to the financial regulations

Report of the Chairman, H.E. Mrs. I. Freudenschuss-Reichl, Austria

Reports on the deliberations of the intersessional working group concerning the introduction of the euro in the accounting of UNIDO.

1. In its decision IDB.21/Dec.8, the Board enlarged the mandate of the intersessional working group on proposed amendments to the financial regulations to discuss all aspects of the possible adoption of a single currency system of assessment based on the euro, and requested the group to submit its conclusions to a resumed twenty-first session of the Board, for submission to the eighth session of the General Conference, with a view to taking appropriate action and a decision. The present document is submitted in compliance with that request.

2. The working group held two meetings, on 22 October and 18 November 1999. During those meetings, the Secretariat made presentations and, in response to queries raised at the first meeting, circulated a supplementary paper on 9 November 1999. There was a wide exchange of views both among Member States and between Member States and the Secretariat. The Secretariat provided satisfactory information that enabled preparing a draft decision on the implications of the euro for UNIDO. That decision, contained in paragraph 3 below, was met with no objection by the intersessional working group. Thus, it was agreed to forward the draft decision to the Board at its resumed twenty-first session. After agreement was reached on the draft decision, one Member State made a statement in its support.

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ACTION REQUIRED OF THE BOARD

3. The Board may wish to take up consideration of the draft decision below:

The Industrial Development Board:

(a) Takes note of the report by the Director-General on implications of the euro for UNIDO (GC.8/15-IDB.21/30) and the report of the Inter-sessional working group on proposed amendments to the Financial Regulations of UNIDO (IDB.21/31-GC.8/19);

(b) Recommends to the General Conference adoption of the following draft decision:

"The General Conference:

(i) Decides to adopt, beginning with the fiscal period 2002-2003, a single-currency system of assessment based on the euro for contributions to the regular budget;

(ii) Also decides to amend the concomitant Financial Regulations of UNIDO relating to the preparation of budgets, appropriation and assessment, collection of contributions and advances, and currency of accounts, as stated in paragraph 34 of document GC.8/15-IDB.21/30;

(iii) Authorizes the Director-General to introduce necessary changes to the schedule 1 and annexes to the Staff Regulations of UNIDO, as stated in paragraph 35 of document GC.8/15-IDB.21/30;

(iv) Also authorizes the Director-General to establish a reserve, not subject to the provisions of Financial Regulations 4.2(b) and 4.2(c), for the purpose of protecting the Organization from exchange rate fluctuations;

(v) Requests the Director-General to report to the General Conference, at its tenth regular session, on the implementation of the transition to the single-currency system."

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Item 19 of the provisional agenda

MATTERS RELATED TO INTERGOVERNMENTAL, NON-GOVERNMENTAL, GOVERNMENTAL AND OTHER ORGANIZATIONS

Note by the Director-General

Provides information on events related to agreements with intergovernmental organizations and to consultative status of non-governmental organizations associated with the work of UNIDO since the seventh session of the General Conference.

CONTENTS

		Paragraphs	*Page*
Introduction		1	2
Chapter			
I.	INTERGOVERNMENTAL ORGANIZATIONS	2	2
II.	NON-GOVERNMENTAL ORGANIZATIONS	3	2
Annexes			
I.	INTERGOVERNMENTAL ORGANIZATIONS WITH WHICH RELATIONSHIP AGREEMENTS HAVE BEEN OR WILL BE CONCLUDED		3
II.	INTERNATIONAL NON-GOVERNMENTAL ORGANIZATIONS HAVING CONSULTATIVE STATUS WITH UNIDO		5

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Introduction

1. In accordance with Article 19 of the Constitution, the General Conference, at its first session, issued guidelines according to which the Director-General, with the approval of the Industrial Development Board, may enter into agreements or establish appropriate relations with certain organizations (decision GC.1/Dec.41, annex). Paragraphs 4, 11 and 19 of the guidelines stipulate that the Director-General shall report to the Conference at each regular session on any agreements with intergovernmental or governmental organizations or other organizations of the United Nations system entered into by him on behalf of the Organization and on any consultative relations established since the preceding regular session. The present document complies with those stipulations, and provides information on related events that have taken place since the seventh session of the General Conference.

I. INTERGOVERNMENTAL ORGANIZATIONS

2. At its twenty-first session, the Board, in decision IDB.21/Dec.14, authorized the Director-General to conclude an appropriate relationship agreement with one intergovernmental organization (IGO) (European Bank for Reconstruction and Development), bringing the total number of IGOs with which the Director-General was authorized to negotiate such agreements to 51. A listing of the 51 IGOs is provided in annex I to the present document.

II. NON-GOVERNMENTAL ORGANIZATIONS

3. At its nineteenth and twenty-first sessions the Board, in decisions IDB.19/Dec.6 and IDB.21/Dec.13 decided to grant consultative status with UNIDO to 15 non-governmental organizations (NGOs), bringing to a total of 130 the number of NGOs in consultative status with UNIDO. A listing of those NGOs is provided in annex II.

Annex I

INTERGOVERNMENTAL ORGANIZATIONS WITH WHICH RELATIONSHIP AGREEMENTS HAVE BEEN OR WILL BE CONCLUDED

(as of 1 October 1999: 51 organizations)

Name of organization	Abbreviation/ acronym	Authority/ decision	Background information document
*African Development Bank	ADB	IDB.2/Dec.28	IDB.2/31
*African Intellectual Property Organization	OAPI	IDB.6/Dec.19	IDB.6/15
African Posts and Telecommunications Union	APTU	IDB.4/Dec.44	IDB.4/6
*African Regional Centre for Technology	ARCT	IDB.2/Dec.28	IDB.2/31
*African Regional Organization for Standardization	ARSO	IDB.2/Dec.28	IDB.2/31
*Agency for Cultural and Technical Cooperation	ACCT	IDB.2/Dec.28	IDB.2/31
Andean Parliament		IDB.2/Dec.28	IDB.2/31
*Arab Industrial Development and Mining Organization	AIDMO	IDB.2/Dec.28	IDB.2/31
Arab League Educational, Cultural and Scientific Organization	ALECSO	IDB.2/Dec.28	IDB.2/31
Arab Maghreb Union	AMU	IDB.17/Dec.7	IDB.17/21
*Arab Union for Cement and Building Materials	AUCBM	IDB.3/Dec.43	IDB.3/24
*Asian-African Legal Consultative Committee	AALCC	IDB.10/Dec.20	IDB.10/16/Add.1
*Asian and Pacific Coconut Community	APCC	IDB.2/Dec.28	IDB.2/31
Black Sea Economic Cooperation	BSEC	IDB.15/Dec.10	IDB.15/8/Add.1
Caribbean Community	CARICOM	IDB.5/Dec.40	IDB.5/22
*Caribbean Development Bank	CDB	IDB.2/Dec.28	IDB.2/31
*Cartagena Agreement	JUNAC	IDB.2/Dec.28	IDB.2/31
*Central African Customs and Economic Union	CPCEU/UDEAC	IDB.2/Dec.28	IDB.2/31
*Central African States' Development Bank	CASDB/BDEAC	IDB.2/Dec.28	IDB.2/31
*Common Market for Eastern and Southern Africa	COMESA	IDB.4/Dec.44	IDB.4/6
*Cooperation Council for the Arab States of the Gulf	GCC	IDB.10/Dec.20	IDB.10/16
Council for Arab Economic Unity	CAEU	IDB.2/Dec.28	IDB.2/31
Development Bank of the Great Lakes States	BDEGL	IDB.10/Dec.20	IDB.10/16
European Bank for Reconstruction and Development	EBRD	IDB.21/Dec.14	IDB.21/25
*Economic Cooperation Organization	ECO	IDB.11/Dec.35	IDB.11/18
*European Union	EU	IDB.6/Dec.19	IDB.6/15
*Financial Fund for the Plata Basin Development	FONPLATA	IDB.8/Dec.39	IDB.8/44
*Fund for Solidarity and Economic Development of the West African Economic Community	FOSIDEC	IDB.6/Dec.19	IDB.6/15/Add.1
*Group of Latin American and Caribbean Sugar Exporting Countries	GEPLACEA	IDB.2/Dec.28	IDB.2/31
*Gulf Organization for Industrial Consulting	GOIC	IDB.2/Dec.28	IDB.2/31
*Intergovernmental Organization for Marketing Information and Cooperation Services for Fishery Products in Africa	INFOPECHE	IDB.15/Dec.10	IDB.15/8
*International Centre for Genetic Engineering and Biotechnology	ICGEB	IDB.15/Dec.10	IDB.15/8
*International Centre for Public Enterprises	ICPE	IDB.2/Dec.28	IDB.2/31
*International Center for Scientific and Technical Information	ICSTI	IDB.5/Dec.40	IDB.5/22
*International Institute of Refrigeration	IIR	IDB.15/Dec.10	IDB.15/8
International Jute Organization	IJO	IDB.4/Dec.44	IDB.4/6
*International Lead and Zinc Study Group	ILZSG	IDB.5/Dec.40	IDB.5/22
*International Organization for Migration	IOM	IDB.2/Dec.28	IDB.2/31
*International Pepper Community	IPC	IDB.8/Dec.39	IDB.8/44
International Tropical Timber Organization	ITTO	IDB.5/Dec.40	IDB.5/22
Islamic Centre for Development of Trade	ICDT	IDB.2/Dec.28	IDB.2/31
Islamic Development Bank	ISDB	IDB.2/Dec.28	IDB.2/31
*Islamic Educational, Scientific and Cultural Organization	ISESCO	IDB.11/Dec.35	IDB.11/18
Islamic Foundation for Science, Technology and Development	IFSTAD	IDB.8/Dec.39	IDB.8/44

Name of organization	Abbreviation/ acronym	Authority/ decision	Background information /document
*Latin American Integration Association	LAIA/ALADI	IDB.11/Dec.35	IDB.11/18
*League of Arab States	LAS	IDB.9/Dec.18	IDB.9/19
*Senegal River Development Organization	OMVS	IDB.2/Dec.28	IDB.2/31
*Organization of African Unity	OAU	IDB.2/Dec.28	IDB.2/31
*Organization of the Islamic Conference	OIC	IDB.2/Dec.28	IDB.2/31
*South Asia Cooperative Environment Programme	SACEP	IDB.2/Dec.28	IDB.2/31
*West African Development Bank	WADB	IDB.2/Dec.28	IDB.2/31

* Agreement concluded.

Annex II

INTERNATIONAL NON-GOVERNMENTAL ORGANIZATIONS HAVING CONSULTATIVE STATUS WITH UNIDO

(as of 1 October 1999: 130 organizations)

Name of organization	Abbreviation/ acronym	Authority/ decision	Background information document
African Technical Association	ATA	IDB.2/Dec.29	IDB.2/5
African Technology Development Link Inc.	Techlink	IDB.19/Dec.6	IDB.19/4
Afro-Asian Peoples' Solidarity Organizations	AAPSO	IDB.2/Dec.29	IDB.2/5
Agri-Energy Roundtable, Inc.	AER	IDB.2/Dec.29	IDB.2/5/Add.1
All-Russia Market Research Institute	VNIKI	IDB.21/Dec.13	IDB.21/28
Arab Federation for Food Industries	AFFI	IDB.2/Dec.29	IDB.2/5
Arab Federation of Chemical Fertilizers Producers	AFCFP	IDB.2/Dec.29	IDB.2/5
Arab Iron and Steel Union	AISU	IDB.2/Dec.29	IDB.2/5
Arab Sugar Federation	ASF	IDB.2/Dec.29	IDB.2/5/Add.1
Association of African Development Finance Institutions	AADFI	IDB.2/Dec.29	IDB.2/5/Add.1
Association "Compagnia delle Opere"	CDO	IDB.21/Dec.13	IDB.21/28
Association of Financial and Industrial Groups of Russia		IDB.19/Dec.6	IDB.19/4
Association of Former United Nations Industrial Development Experts	AFIDE	IDB.21/Dec.13	IDB.21/28
Association of Latin American Industrialists	AILA	IDB.2/Dec.29	IDB.2/5
Austrian Senior Experts Pool	ASEP	IDB.15/Dec.11	IDB.15/11
Austrian Society for Environment and Technology	OGUT	IDB.17/Dec.8	IDB.17/12
Austro-Egyptian Chamber of Commerce		IDB.4/Dec.45	IDB.4/17
Cairo Regional Centre for International Commercial Arbitration	CRCICA	IDB.21/Dec.13	IDB.21/28
Club of Dakar		IDB.2/Dec.29	IDB.2/5
Collaborative International Pesticides Analytical Council Limited	CIPAC	IDB.4/Dec.45	IDB.4/17
Deula-Nienburg (German Academy for Agriculture and Technology)		IDB.19/Dec.6	IDB.19/4/Add.1
Environmental Development Action in the Third World	ENDA	IDB.15/Dec.11	IDB.15/11/Add.1
European Federation of Management Consultants' Associations	FEACO	IDB.2/Dec.29	IDB.2/5
European Federation of National Engineering Associations	FEANI	IDB.2/Dec.29	IDB.2/5
European Federation of National Maintenance Societies	EFNMS	IDB.2/Dec.29	IDB.2/5/Add.1
European Fertilizer Manufacturers' Association	EFMA	IDB.5/Dec.41	IDB.5/23
European Organization for Quality	EOQ	IDB.2/Dec.29	IDB.2/5/Add.1
European Regional Industrial Development Organization	ERIDO	IDB.14/Dec.24	IDB.14/23
European Union of Public Relations	EUPR	IDB.14/Dec.24	IDB.14/23
Federation of African Consultants	FECA	IDB.2/Dec.29	IDB.2/5/Add.1
Forum Francophone des Affaires	FFA	IDB.14/Dec.24	IDB.14/23
Institute of Higher Management	ISG	IDB.8/Dec.40	IDB.8/14
International Academy of Architecture	IAA	IDB.8/Dec.40	IDB.8/14
International Academy of Engineering	IAE	IDB.11/Dec.36	IDB.11/16
International Academy of Technological Sciences		IDB.10/Dec.21	IDB.10/13
International Alliance of Women	IAW	IDB.8/Dec.40	IDB.8/14
International Association for Cereal Science and Technology	ICC	IDB.2/Dec.29	IDB.2/5
International Association for Continuing Engineering Education	IACEE	IDB.19/Dec.6	IDB.19/4
International Association for Hydraulic Research	IAHR	IDB.6/Dec.20	IDB.6/4
International Association for the Exchange of Students for Technical Experience	IAESTE	IDB.2/Dec.29	IDB.2/5/Add.1
International Association for the Protection of Industrial Property	AIPPI	IDB.2/Dec.29	IDB.2/5/Add.1
International Association of Crafts and Small- and Medium-sized Enterprises	IACME	IDB.2/Dec.29	IDB.2/5
International Association of Islamic Banks	IAIB	IDB.2/Dec.29	IDB.2/5
International Association of Trading Organizations for a Developing World	ASTRO	IDB.4/Dec.45	IDB.4/17
International Centre for Earth Construction	CRATerre	IDB.6/Dec.20	IDB.6/4
International Centre for the Training of Bank Professionals	CIFPB	IDB.6/Dec.20	IDB.6/4
International Centre on Small Hydro Power		IDB.19/Dec.6	IDB.19/4
International Chamber of Commerce	ICC	IDB.2/Dec.29	IDB.2/5
International Committee for Plastics in Agriculture	CIPA	IDB.2/Dec.29	IDB.2/5
International Confederation of Free Trade Unions	ICFTU	IDB.2/Dec.29	IDB.2/5

Name of organization	Abbreviation/ acronym	Authority/ decision	Background information document
International Congress of Industrialists and Entrepreneurs	ICIE	IDB.21/Dec.13	IDB.21/28
International Cooperative Alliance	ICA	IDB.2/Dec.29	IDB.2/5
International Council for Building Research, Studies and Documentation	CIB	IDB.2/Dec.29	IDB.2/5
International Council of Graphic Design Associations	ICOGRADA	IDB.8/Dec.40	IDB.8/14
International Council of Societies of Industrial Design	ICSID	IDB.2/Dec.29	IDB.2/5
International Council of Women	ICW	IDB.2/Dec.29	IDB.2/5
International Electrotechnical Commission	IEC	IDB.2/Dec.29	IDB.2/5
International Federation for Heat Treatment and Surface Engineering	IFHT	IDB.8/Dec.40	IDB.8/14
International Federation for Information Processing	IFIP	IDB.14/Dec.24	IDB.14/23
International Federation for Medical and Biological Engineering	IFMBE	IDB.2/Dec.29	IDB.2/5
International Federation of Agricultural Producers	IFAP	IDB.2/Dec.29	IDB.2/5
International Federation of Automatic Control	IFAC	IDB.2/Dec.29	IDB.2/5/Add.1
International Federation of Business and Professional Women	IFBPW	IDB.4/Dec.45	IDB.4/17
International Federation of Consulting Engineers	FIDIC	IDB.2/Dec.29	IDB.2/5/Add.1
International Federation of Pharmaceutical Manufacturers Associations	IFPMA	IDB.2/Dec.29	IDB.2/5
International Fertilizer Industry Association	IFA	IDB.2/Dec.29	IDB.2/5
International Forum		IDB.2/Dec.29	IDB.2/5
International Foundation for the Promotion of Privatization and Foreign Investments	FPI	IDB.11/Dec.36	IDB.11/6
International Institute of Applied Technologies	IIAT	IDB.14/Dec.24	IDB.14/23
International Institute of Welding	IIW	IDB.2/Dec.29	IDB.2/5/Add.1
International Measurement Confederation	IMECO	IDB.2/Dec.29	IDB.2/5
International Multiracial Shared Cultural Organization	IMSCO	IDB.17/Dec.8	IDB.17/12
International Network for Environmental Management	INEM	IDB.15/Dec.11	IDB.15/11
International Network of Subcontracting, Industrial Cooperation and Partnership Organizations	RIOST	IDB.19/Dec.6	IDB.19/4
International Organization for Standardization	ISO	IDB.2/Dec.29	IDB.2/5
International Organization of Consumers Unions	IOCU	IDB.2/Dec.29	IDB.2/5
International Organization of Employers	IOE	IDB.2/Dec.29	IDB.2/5
International Organization of Experts	ORDINEX	IDB.2/Dec.29	IDB.2/5/Add.1
International Professors' Association	IPA	IDB.10/Dec.21	IDB.10/13
International Society for Engineering Education	IGIP	IDB.2/Dec.29	IDB.2/5
International Statistical Institute	ISI	IDB.10/Dec.21	IDB.10/13
International Technology Information Center	INTERTEC	IDB.15/Dec.11	IDB.15/11
International Union for Cooperation towards Development	UNICOS	IDB.8/Dec.40	IDB.8/14
International Union of Architects	UIA	IDB.2/Dec.29	IDB.2/5
International Union of Food Science and Technology	IUFoST	IDB.2/Dec.29	IDB.2/5/Add.1
International Union of Leather Technologists and Chemists Societies	IULTCS	IDB.2/Dec.29	IDB.2/5
International Union of Technical Associations and Organizations	UATI	IDB.2/Dec.19	IDB.2/5
International Union of Testing and Research Laboratories for Materials and Structures	RILEM	IDB.2/Dec.29	IDB.2/5/Add.1
Islamic Chamber of Commerce and Industry	ICCI	IDB.2/Dec.29	IDB.2/5
Jeunes Entreprises/Junior Achievement Afrique		IDB.14/Dec.24	IDB.14/23
Latin American Association of Development Financing Institutions	ALIDE	IDB.2/Dec.29	IDB.2/5
Latin American Association of Food Processors	ALICA	IDB.2/Dec.29	IDB.2/5
Latin American Association of Pharmaceutical Industries	ALIFAR	IDB.2/Dec.29	IDB.2/5
Latin American Iron and Steel Institute	ILAFA	IDB.2/Dec.29	IDB.2/5
Latin American Plastics Institute	ILAP	IDB.2/Dec.29	IDB.2/5/Add.1
Licensing Executives Society	LES	IDB.2/Dec.29	IDB.2/5/Add.1
Moscow International Energy Club	MIEC	IDB.6/Dec.20	IDB.6/4
Mountain Unlimited (Society for Development and International Cooperation)		IDB.21/Dec.13	IDB.21/28/Add.1
Mutual Assistance of the Latin American Government Oil Companies	ARPEL	IDB.2/Dec.29	IDB.2/5
NIMTECH		IDB.15/Dec.11	IDB.17/11
Organization of Islamic Capitals and Cities	OICC	IDB.11/Dec.36	IDB.11/16

Name of organization	Abbreviation/ acronym	Authority/ decision	Background information document
Pan African Union of Science and Technology	PUST	IDB.10/Dec.21	IDB.10/13
Pan American Standards Commission	COPANT	IDB.2/Dec.29	IDB.2/5
"Pro Manzu" International Research Centre		IDB.2/Dec.29	IDB.2/5
Society for International Development	SID	IDB.2/Dec.29	IDB.2/5
Society of Chemical Industry	SCI	IDB.2/Dec.29	IDB.2/5
Soroptimist International	SI	IDB.14/Dec.24	IDB.14/23
Support Centre for Food Development	SCFD	IDB.14/Dec.24	IDB.14/23
Third World Foundation for Social and Economic Studies		IDB.2/Dec.29	IDB.2/5
Transfrigoroute International	TI	IDB.5/Dec.41	IDB.5/23
Union of Industrial and Employers' Confederations of Europe	UNICE	IDB.2/Dec.29	IDB.2/5
Union of International Fairs	UFI	IDB.2/Dec.29	IDB.2/5
Union of Producers, Conveyors and Distributors of Electrical Power in Africa	UPDEA	IDB.2/Dec.29	IDB.2/5
Unterstützungsverein für Gewerbliche Betriebsgründungen in Albanien	UGEBIA	IDB.21/Dec.13	IDB.21/28/Add.1
Volunteers Association for International Service	AVSI	IDB.21/Dec.13	IDB.21/28
Women's International Democratic Federation	WIDF	IDB.4/Dec.45	IDB.4/17
World Association for Small and Medium Enterprises	WASME	IDB.2/Dec.29	IDB.2/5
World Association for Element-building and Prefabrication	WAEP	IDB.2/Dec.29	IDB.2/5/Add.1
World Association of Industrial and Technological Research Organizations	WAITRO	IDB.2/Dec.29	IDB.2/5
World Coal Institute	WCI	IDB.8/Dec.40	IDB.8/14
World Confederation of Labour	WCL	IDB.2/Dec.29	IDB.2/5
World Council of Management	CIOS	IDB.5/Dec.41	IDB.5/23
World Export Processing Zones Association	WEPZA	IDB.2/Dec.29	IDB.2/5
World Federation of Development Financing Institutions	WFDFI	IDB.2/Dec.29	IDB.2/5
World Federation of Engineering Organizations	WFEO	IDB.2/Dec.29	IDB.2/5
World Federation of Trade Unions	WFTU	IDB.2/Dec.29	IDB.2/5
World LPG Association	WLPGA	IDB.19/Dec.6	IDB.19/4
World Organization of Building Officials	WOBO	IDB.5/Dec.41	IDB.5/23
World Packaging Organization	WPO	IDB.8/Dec.40	IDB.8/14
World Savings Bank Institute*	WSBI	IDB.2/Dec.29	IDB.2/5/Add.1

*Formerly the International Savings Bank Institute.

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GENERAL CONFERENCE

Eighth session
Vienna, 29 November-3 December 1999
Item 11 (a) of the provisional agenda

FINANCIAL SITUATION OF UNIDO, INCLUDING ARREARS

Unutilized balances of appropriations

Note by the Director-General

Provides historical and current information concerning unutilized balances of appropriations.

CONTENTS

		Paragraphs	*Page*
Introduction		1-2	2
Chapter			
I.	CONSTITUTION AND FINANCIAL REGULATIONS	3-4	2
II.	RETENTION OF UNUTILIZED BALANCES	5-7	2
III	DISTRIBUTION OF BALANCES TO MEMBER STATES	8-12	3
IV.	ACTION REQUIRED OF THE CONFERENCE	13	3
Annex.	Status of unutilized balances of appropriations as at 30 September 1999		4

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Introduction

1. Since its conversion to a specialized agency in 1986, unutilized balances of appropriations have been the subject of discussion on a number of occasions, as reflected in the annex to the present document. The annex provides, in tabular form, information concerning unutilized balances with respect to each biennium since 1986-1987.

2. Unutilized balances of appropriations are defined as the difference between regular budget appropriations and actual expenditures. They are caused by non-payment or delayed payment of assessed contributions by Member States, resulting in the under-implementation of the approved programme.

I. CONSTITUTION AND FINANCIAL REGULATIONS

3. Articles 8.3 (a), (c) and (f) of the UNIDO Constitution stipulate that the Conference shall: "Determine the guiding principles and the policies of the Organization; Approve the programme of work, the regular budget and the operational budget of the Organization in accordance with Article 14, establish the scale of assessments in accordance with Article 15, approve the financial regulations of the Organization and supervise the effective utilization of the financial resources of the Organization; Take any other appropriate action to enable the Organization to further its objectives and carry out its functions."

4. According to financial regulations 4.2 (b) and (c), the unencumbered balance of the appropriations shall be credited to Member States in proportion to their assessed contributions (i.e. in accordance with the scale of assessments). Credits become due when assessed contributions collected exceed the amount of the unutilized balances for a specific biennium. Only those Member States that have fully paid their assessed contributions for the biennium to which the credits relate are eligible to receive the credits.

II. RETENTION OF UNUTILIZED BALANCES

5. In the past, to address important financial concerns, the General Conference has suspended the relevant financial regulations and authorized the retention of unutilized balances of appropriations, as summarized in table 1 and also referred to in the annex.

6. While Member States authorized balances for retention on several occasions, not all balances were supported by actual cash. As shown in the last column of table 1, unpaid assessed contributions relating to the respective bienniums amount to $15,310,985, and thus the actual cash retained amounts to $27,756,147.

7. Since sufficient cash resources were not made available to finance the 1998 staff separation programme, the Industrial Development Board recommended to the General Conference the temporary suspension (until the eighth session of the Conference) of the distribution of $1,194,924 of the unutilized balances for the 1992-1993 biennium to partially finance the staff separation programme (GC.8/17, para. 17). This amount would have been due for distribution in January 1998 (see also annex to present document, footnote 8).

Table 1. Retention of unutilized balances
(Amounts in US dollars)

GC decision	*Biennium*	*Amount*	*Purpose*	*Unpaid assessed contributions**
GC.3/Dec. 17(c) GC.4/Dec.15(c)(iii)	1986-1987	4,377,386	First for unspecified purpose, and second to cover 1990-1991 deficit	57,902
GC.4/Dec.15(d)	1988-1989	6,496,192	Facilitate work of the Organization	159,246
GC.5/Dec.14(e)	1990-1991	8,746,822	Strengthen statutory cash resource base	1,193,837
GC.6/Dec.15(e)	1992-1993	9,546,732	Partially fund separation indemnity reserve (staff reduction programme introduced in Nov. 1995)	–
GC.7/Dec.17(d)(ii)	1994-1995	13,900,000	Fund separation indemnity reserve (1998 staff separation programme) (No cash against these balances has yet been received.)	13,900,000
Total		43,067,132		15,310,985

*Relates to the respective unutilized balances (excluding new Member States) as at 30 September 1999. For 1992-1993, the amount of unutilized balances approved for retention was supported by actual cash (see annex, footnote 4).

III. DISTRIBUTION OF BALANCES TO MEMBER STATES

Balances distributed

8. Since 1986, when UNIDO became a specialized agency, two distributions of unutilized balances of appropriations relating to the biennium 1992-1993 have taken place. These amounted to $1,517,078 and were credited to Member States as follows: $1,428,309 in February/March 1997, and $88,769 in January 1999.

9. In addition, as shown in table 2, contributions from new Member States amounting to $760,150 were distributed to Member States in accordance with financial regulation 5.2 (d). It should be noted that contributions from new Member States are not subject to the provisions of financial regulations 4.2 (b) and (c). As of 30 September 1999, new Member States owed a total amount of $301,123.

Table 2. Distribution of contributions from new Member States
(In US dollars)

	Amount
January 1994	213,511
January 1997	166,320
January 1999	380,319
Total	760,150
To be distributed in January 2000	257,699

Balances due for distribution

10. Table 3 shows the amounts that are due to Member States when assessed contributions are collected against the unutilized balances for the respective biennium.

11. Since the unpaid assessed contributions relating to the 1994-1995 biennium amount to $44,966,427 (including $35,257,420 owed by the United States of America), no significant distribution is expected to take place until the United States of America honours its obligations.

12. In the absence of any decision for suspension of financial regulations 4.2 (b) and (c) for the 1992-1993 and 1996-1997 bienniums, partial distributions are due in January 2000. Credits will be reflected in the assessment letters for the year 2000. Only those Member States that have fully paid their assessed contributions for the relevant bienniums will be entitled to receive the credits. The amounts due are:

1992-1993 $1,275,928 (includes $1,194,924 referred to in para. 7)

1996-1997 $2,594,175.

IV. ACTION REQUIRED OF THE CONFERENCE

13. The information provided in the present document is brought to the attention of the Conference for any action it may consider appropriate.

Table 3. Amounts due to Member States
(In US dollars)

Biennium	*Unutilized balances*	*Amount already distributed*	*Unpaid assessed contributions*	*Amount due to Member States (shortfall)*
1992-1993	5,186,192	1,517,078	2,393,186	1,275,928
1994-1995	17,647,757	-	44,966,427	(27,318,670)
1996-1997	41,747,616	-	39,153,441	2,594,175

Annex

STATUS OF UNUTILIZED BALANCES OF APPROPRIATIONS AS AT 30 SEPTEMBER 1999

(In US dollars)

		1986-1987	*1988-1989*	*1990-1991*	*1992-1993*	*1994-1995*	*1996-1997*
A	Unutilized balance	4,377,386[1]	6,496,192[2]	8,746,822[3]	14,732,924	31,547,757	41,747,616
B	Authorized for retention by UNIDO	4,377,386	6,496,192	8,746,822	9,546,732[4]	13,900,000[5]	0
C	Due to Member States (A-B)	0	0	0	5,186,192	17,647,757	41,747,616
D	Unpaid assessed contributions (excluding new Member States)	57,902	159,246	1,193,837	2,393,186	44,966,427	39,153,441[6]
E	Collections/(shortfalls) (C-D)	(57,902)	(159,246)	(1,193,837)	2,793,006	(27,318,670)	2,594,175
F	Balance already distributed	Not applicable (all unutilized balances were authorized for retention)			1,517,078[7]	0	0
G	**Balance due for distribution in January 2000 (E-F)**				**1,275,928[8]**	**0**	**2,594,175**
H	**Balance due for distribution upon collection of unpaid assessed contributions (C-F-G)**				**2,393,186**	**17,647,757**	**39,153,441**

[1]For unspecified purpose (GC.3/Dec.17(c)), and to partially cover the 1990-1991 deficit (GC.4/Dec.15(c)(iii)).

[2]To facilitate the work of the Organization (GC.4/Dec.15(d)).

[3]To strengthen the statutory cash resource base of the Organization (GC.5/Dec 14(e)).

[4]For partially funding the staff separation programme introduced in November 1995 (GC.6/Dec.15(e)). The amount represents the actual cash collected by UNIDO until 31 December 1995.

[5]For funding the separation indemnity reserve (1998 staff separation programme) (GC.7/Dec.17(d)(ii)). Unlike the previous programme (note 4 above), this amount was neither backed by actual cash, nor have any collections been made against this amount. Member States owe $44,966,427 (including $35,257,420 owed by the United States of America).

[6]Includes $26,855,755 owed by the United States of America relating to the 1996 assessed contributions.

[7]Distributions made in February/March 1997 ($1,428,309) and January 1999 ($88,769).

[8]Includes $1,194,924 utilized for the 1998 staff separation programme. The amount would have been due for distribution in January 1998. However, decision IDB.20/Dec.4 recommended suspension of distribution until December 1999.

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UNIDO Forum on Sustainable Industrial Development

29 November–1 December 1999

INDUSTRY FOR GROWTH INTO THE NEW MILLENIUM: CONTRIBUTIONS TO POVERTY ERADICATION AND THE PROMOTION OF EQUITY

Learning from past decades to prepare for the future

Note by the Director-General

1. Twenty-five years ago the international community met in Peru to adopt the ambitious and wide-ranging Lima Declaration as the cornerstone of the proposed new specialized agency of the United Nations—the United Nations Industrial Development Organization. Far-reaching changes in many areas have occurred since. The eighth session of the General Conference, the final meeting of UNIDO's Member States before the new millennium, is an opportunity to assess the achievements.

2. This introductory note, together with other informal material, explains the background and some of the issues.

Then and now

3. At the time of the Lima Conference, industry's contribution to economic development was understood without difficulty. Industrialization was synonymous with prosperity. The international community perceived it as a necessary vehicle that permitted less advanced countries to accede to higher states of development.

4. Through expansion and diversification of productive activities and with the benefit of new technologies it would be possible to lower unemployment and reduce poverty. Per capita incomes would improve. Labour forces would gain improved skills. At best, increased prosperity would bring convergence. The gap separating the less developed from the richest countries would be narrowed. This was the underlying goal and the *raison d'être* for supporting industrialization.

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5. Nevertheless, because it was already evident that industrial production in developing countries did not increase automatically, it also made sense to create a fully independent international organization that could help provide the "public goods" necessary to support the process.

6. But those were other times and another international context.

7. The concerns were also different. The United Nations system was expanding. And through its ability to play a relevant role in the articulation of international relations in the then bipolar world, it enjoyed far more prestige than today.

8. It was therefore through the United Nations that the international community sought the laudable objective of industrialization for all countries, and adopted the Lima series of targets as a consequence. The best example referred to the developing countries' participation in world industrial output. Their share would rise from around 11 per cent (not counting data for China) in 1975 to 25 per cent in 2000.

9. In addition, special care would be taken to neutralize the potentially prejudicial effects that multinational firms and finance capital could have had on this process.

10. Today, 25 years later, and to a large degree thanks precisely to the possibilities opened by trade expansion, the internationalization of capital markets and the growth of foreign investment, this quantitative target has been reached. The share of developing countries (including both emerging and newly industrialized economies) and China (estimated at 6 per cent) in world industrial production has risen to 24 per cent.

11. The underlying element that made it possible for the developing world to become incorporated into the world factory was technological change. The combined impact of the information revolution on the technologies of production and design and the reduction in the costs of transportation and communication brought about dramatic change both in the implementation and organization of productive processes and the rise of vigorous service sectors.

Achievements and shortfalls

12. Despite this success, it is pertinent to ask how these achievements are to be understood in light of the measures adopted 25 years ago.

13. In the first place, we can acknowledge the achievement in creating jobs. The increase in developing countries' share of world manufacturing value added (MVA) generated more employment and prosperity in those regions that took part in the process of "internationalization" of industrial production. In addition, far from being an obstacle to the industrialization of developing countries, it was precisely through technological improvements that the activities of finance capital and multinational companies expanded and that liberalization of trade contributed to this increased participation.

14. This shows that ideological prejudices (in this case expressed by both sides —by developing countries and economies in transition as well as financiers and multinational corporations) can easily be rendered obsolete by technological change. Politics and ideology are present in all of life's activities. But one message of the past 25 years is that progress in the search for concrete solutions to issues related to development has to be sought in careful analysis of technical aspects (e.g. policies to support small and medium industrial enterprises or the introduction of international environmental standards) rather than in political and ideological debate.

15. Secondly, we can recognize that, despite the increase in the relative share in MVA by developing countries and economies in transition, improvements in the living standards of the population in developing countries has been very unequal. The phenomenon of "internationalization" of industry shows distinct tendencies to

"agglomerate" in certain regions. As a result, while the share of world MVA for developing countries as a whole has increased, the share of Africa is lagging behind.

16. In addition, industry agglomerated in certain regions within the boundaries of developing countries. In other words, the industrialization of recent years has not contributed to raised living standards in a balanced way "among" or "within" countries—a phenomenon that can also be observed among the most advanced nations.

17. Thirdly, quantitative targets can say a lot or little at the same time. Without doubt, they can be useful for giving an idea of the magnitude or of the size of the challenges. But, at the same time (at least when we analyse something as complex as economic development or the contribution of a specific sector, such as industry), reaching a specific quantitative target is no guarantee of success in terms of the real objectives, such as improving income distribution or improving living standards. Nevertheless, balanced development remains an inescapable goal if we want to foster change and social progress within democratic, participatory and pluralist environments.

18. A fourth conclusion, based on the above, is that it is important to foster activities and attitudes that allow countries to make gains in overall social and economic productivity—rather than indiscriminate support for a specific sector, such as agriculture or industry. Productivity gains are the most sustainable path to balanced improvement in living standards. They are also, it seems self-evident, the best mechanism for identifying the effective contribution of a specific sector to economic development.

19. Fifthly, it is necessary to recognize a new factor that has risen to prominence in recent years and which conditions the activities of industrial promotion: the requirement to protect and preserve the environment. The environmental factor has emerged as a critical aspect of economic development and has to be taken fully into account in the formulation of policies, strategies and actions.

20. Finally, we have to acknowledge two additional influences on industrial development: the crucial role of macroeconomic stability and the driving role of the private sector. Structural adjustment and other macroeconomic measures are an essential basis for development, albeit an incomplete recipe. They must, we now believe, be accompanied by appropriate microeconomic policies—and policies that promote industry have to be prominent among them. At the same time, such policies will be very different to those of 25 years ago. They will recognize that the risk-taking private sector increasingly dominates ownership and new investment in industry, and that the corresponding government role is that of "enabler" rather than investor and controller.

Industrial development and the United Nations

21. To complete these reflections (necessarily only a preliminary interpretation of the messages and experiences of the last quarter century) it is fitting to analyse the changes in the quality of the two main social and economic instruments the international community chose in order to hasten industrialization in developing countries: (a) promotion of comprehensive industrial development (as distinct from, say, provision of only the capital required for manufacturing investment); and (b) implementation through interventions by the United Nations. Neither, unfortunately, enjoys its reputation of 25 years ago.

22. Without doubt, industrial activity had a better image at the time of the Lima Conference than it does today. Industry's dynamic role in the process of economic development was not questioned, industrial pollution was not perceived (in part misconceived) to be a problem on a global scale that affected the viability of the model of production over the long term. And while the most advanced economies began their process of de-industrialization to become service economies at the beginning of the 1970s, the phenomenon was not fully understood until much later. (Indeed, it was not clear in aggregate statistical data until 1991, when the first country (United Kingdom) verified service exports as exceeding product exports.)

23. But is it right to speak of de-industrialization? Today it is broadly accepted that industry's role as the engine of development is being replaced by a complex of industry and services, and that the latter is beginning to dominate the generation of employment. Nonetheless, it would be lamentable to lose sight of two factors.

24. First, we should remember that it was the investments in research and development undertaken in the industrial sector (which is responsible for 90 per cent of total private spending on research and development) that generated the new technologies that allowed the rise of service economies. For that reason alone there is a high correlation between one activity and the other. Above all (and based on the previous analysis), it has to be recognized that—at least up to now—it is far more difficult to verify and measure productivity increases in services than in industry.

25. Secondly, what is valid for the most advanced economies does not necessarily apply for developing economies or for economies in transition. It is true that the contribution of industry to employment has been less in the most advanced economies (and also in developing countries that have reached a certain level of industrialization, as well as in some economies in transition). Nevertheless, the role of industry as a generator of employment and as a contributor to economic development continues to be of extraordinary relevance among the poorest countries and will continue to be so in the coming decades.

26. Regarding the reputation of the United Nations, no matter whether it is regarded as a body for discussion (i.e. a general forum) or as an implementation agency, it has to be acknowledged that the ending of the cold war saw significantly diminished interest in the system on the part of those who won the contest. This has brought into question its relevance, constrained the margin of its operations and, as a result, the effectiveness of its actions.

27. However, perhaps it would be a mistake to presume that the end of bipolarity has given rise to a unipolar world, or that a unipolar world with only one super power can be a form of organization for international politics that will last for a long time. The evidence of the last ten years in terms of solutions to international conflicts suggests otherwise.

28. Ultimately, it is difficult to imagine the construction of a global society—the development of a globalized world—without global institutions. This is not to propose a global government but rather the existence of institutions with global reach that contribute to the effective and balanced integration of nations. Certainly, what type of institutions the world needs remains to be discussed: whether one type or another would be best, or if it would be better to reform the ones we now have. But it is clear that some global institutions are necessary to manage globalization.

29. Thus, while not as popular or powerful as it was 25 years ago, both industrial development and the United Nations continue to be valid and relevant working instruments for improving the vast majority of the people's standards of living. Without doubt, re-interpretations and reforms are needed. But, definitively, both instruments can make a significant contribution to the solution of contemporary problems.

The way ahead

30. The question now is: How can we take advantage of this experience to design the work agenda for the coming years? If anything is clear from the previous analysis, it is that there have been many, deep changes. It would not make sense to continue with "business as usual". Where are the common problems of the developing world and the most advanced industrialized countries? What can be done to articulate the interests of the various actors with the objective of reaching concrete results from the perspective of industrial development? What are the "public goods" that the international community ought to provide and how can UNIDO contribute to this process?

31. In the last 20 months the Secretariat has implemented, with great effort, the reforms approved by the seventh session of the General Conference in December 1997. This has generated a true transformation of UNIDO programmes and work methodology and, at the same time, improved its administration and finances. These efforts have been recognized by the Industrial Development Board and Programme and Budget Committee, where Member States have worked with enormous dedication and harmony.

32. This is an excellent point of departure for continuing the dialogue and constructive debate. It should continue in the framework of the implementation of the Business Plan, but should focus and specialize UNIDO's work still more and convert it into an even more relevant organization in the coming years. The Forum on Sustainable Industrial Development will contribute by providing an appropriate place to respond to the questions posed above — with more interaction and a more dynamic participation on the part of all who are present.

UNIDO Forum on Sustainable Industrial Development

29 November–1 December 1999

INDUSTRY FOR GROWTH INTO THE NEW MILLENIUM: CONTRIBUTIONS TO POVERTY ERADICATION AND THE PROMOTION OF EQUITY

Learning from past decades to prepare for the future

Monday, 29 November

3–6 p.m.	Panel 1	The new geography of industry—insights from economic analysis

Tuesday, 30 November

10 a.m.–1 p.m.	Panel 2	Globalization of production systems and implications for developing countries and economies in transition—the upgrading of local competitiveness
3–6 p.m.	Panel 3	Industrialization facing environmental challenges—specific contributions to solving large problems

Wednesday, 1 December

9 a.m.–12 noon	Panel 4	The UNIDO partnership programme—a new approach to promoting small and medium enterprises
12 noon–1 p.m.	Panel 5	Integration, agglomeration and interaction in world industry—drawing some lessons

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AFRICA (IN PARTICULAR THE SECOND INDUSTRIAL DEVELOPMENT DECADE FOR AFRICA)

Fourteenth Conference of African Ministers of Industry
22-23 October 1999, Dakar, Senegal

Introduction

1. The principal objective of the fourteenth Conference of African Ministers of Industry (CAMI-14) and the meeting of the Intergovernmental Committee of Experts of the Whole on Industrialization in Africa was to examine and follow up progress made in the industrialization of African countries and to recommend measures at the national, subregional and international levels in order to accelerate the process of industrialization. A Conference on Industrial Partnerships and Investment in Africa (CIPIA) was also held in conjunction with CAMI-14, from 20 to 21 October 1999. CIPIA focused on strategies to strengthen the participation of the private sector in the industrialization process in Africa (GC.8/CRP.1).

2. CAMI-14 was attended by representatives from 45 African countries with the participation of 22 Ministers and Vice-Ministers. In addition, a number of regional and subregional organizations and intergovernmental institutions, including representatives of the private sector, attended the meeting.

3. A new Bureau of the Conference composed of the following countries was formed:

- President: Senegal
- First Vice-President: Libyan Arab Jamahiriya
- Second Vice-President: Malawi
- Third Vice-President: Angola
- Rapporteur: Madagascar.

4. The Minister of Industry of Côte d'Ivoire was designated a member of the Bureau in his capacity as Chairperson of the Steering Committee of the Alliance for Africa's Industrialization. UNIDO will service the meetings of the new Bureau and will be the lead agency in planning and organizing the next CAMI, planned for 2001.

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I. MAIN CONCLUSIONS OF THE CONFERENCE

Intergovernmental Committee of Experts of the Whole on Industrialization in Africa, 18-19 October 1999

5. The Ministers considered the report of the meeting of experts and the report of CIPIA.

6. The reports examined the progress achieved in the implementation of the resolutions and decisions of the thirteenth Conference (CAMI-13), *inter alia*, the implementation of the Second Industrial Development Decade for Africa (IDDA II) and the Plan of Action of the Alliance for Africa's Industrialization (AAI), the mobilization of financial resources for the integrated programmes and the African Common Position for the eighth session of the General Conference of UNIDO. The key conclusions are contained in a detailed report (E/ECA/CAMI.14/99/L[1]) and reflected in two resolutions:

- Resolution 1 (XIV) on the African common position for the eighth General Conference of UNIDO (attached as annex I)

- Resolution 2 (XIV) on the African common position on globalization (attached as annex II).

7. The Conference reiterated its strong support for the transformation of UNIDO. The delegates also reaffirmed their belief in and commitment to the Organization as the lead international agency cooperating with developing countries in their efforts to achieve sustainable industrial development.

Steering Committee of the Alliance for Africa's Industrialization (AAI)

8. A meeting of the Steering Committee of the Alliance was organized during the Conference. The meeting stressed the necessity of the timely implementation of the decisions of the First Patrons Group Meeting of the Alliance held in Algiers in July 1999 during the thirty-fifth Summit of the Organization of African Unity. These decisions include increasing private sector representation in the AAI Steering Committee, establishment of industrial partnership councils as a mechanism for dialogue between the public and the private sector, and the organization of two forums in 2000 within the framework of the Tokyo International Conference on African Development (TICAD-II) (the main theme of the forums will be strengthening Asia-Africa cooperation in agro-industries and the development of small and medium enterprises).

II. FIFTEENTH MEETING OF THE CONFERENCE OF AFRICAN MINISTERS OF INDUSTRY

9. Cameroon offered to host the fifteenth meeting of the Conference of African Ministers of Industry (CAMI-15) at Yaounde. UNIDO will serve as lead agency in organizing CAMI-15.

III. ACTION REQUIRED OF THE CONFERENCE

10. The General Conference may wish to take note of the present document.

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[1] Copies of the report are available at the documents distribution counter.

Annex I

RESOLUTION 1 (XIV)
AFRICAN COMMON POSITION FOR THE EIGHTH SESSION OF THE GENERAL CONFERENCE OF THE UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

The Conference of African Ministers of Industry,

Bearing in mind the Abuja Treaty establishing the African Economic Community, which came into force on 12 May 1994,

Concerned about the impact of the globalization and liberalization of the world economy on the fragile economies of the African countries, exacerbated by the growth in external indebtedness, the collapse of commodity prices and the reduction, in real terms, of resource flows to Africa,

Determined to ensure that the industrial sector makes an effective contribution to economic recovery, lasting development and the integration of Africa, which is the least industrialized continent and has the largest number of least developed countries,

Stressing the essential role that the United Nations Industrial Development Organization plays in industrial promotion and cooperation for and among the developing countries,

Aware of the necessity of maintaining, strengthening and increasing the financial resources of the United Nations Industrial Development Organization to enable it to continue to respond effectively to the needs of the developing countries in general and the African countries in particular,

1. **Adopts** the African Common Position for the eighth session of the General Conference of the United Nations Industrial Development Organization, the text of which is annexed to the present resolution;

2. **Expresses** its firm support for the strengthening of the United Nations Industrial Development Organization, whose role is crucial in support of the industrialization of Africa, and its profound concern at the threats facing that Organization, which should, on the contrary, be strengthened and adequately financed;

3. **Requests** the Chairman of the fourteenth meeting of the Conference of African Ministers of Industry, in close cooperation with the African Group in Vienna and the Organization of African Unity, and in collaboration with the United Nations Economic Commission for Africa, to take all appropriate measures with a view to safeguarding the interests of the African countries in the process of negotiations at the eighth session of the General Conference of the United Nations Industrial Development Organization;

4. **Invites** all African countries to participate in the eighth General Conference of UNIDO and in particular requests them to defend, actively and effectively, the interests of the African countries;

5. **Requests** the Secretary-General of the Organization of African Unity and the Executive Secretary of the Economic Commission for Africa to provide the necessary assistance to the African delegations to the eighth session of the General Conference of the United Nations Industrial Development Organization; and

6. **Further** requests the Director-General of the United Nations Industrial Development Organization to communicate the report of the 14th meeting of the Conference of African Ministers of Industry, including the African Common Position, to all Members of the United Nations Industrial Development Organization and to submit it as an official document to the eighth session of the General Conference of the United Nations Industrial Development Organization, to be held at Vienna in December 1999.

AFRICAN COMMON POSITION FOR THE EIGHTH GENERAL CONFERENCE OF UNIDO, VIENNA, DECEMBER 1999

1. The eighth General Conference of UNIDO is being held on the eve of the Third Millennium when the African Continent is confronted with a world economic situation characterized by globalization, the unprecedented world-wide emergence of advanced technologies and communication and information systems, the integration of international financial and trading markets, and the transformation of systems and methods of production.

2. In spite of the efforts made, Africa still faces a very serious crisis. The continent has, in the field of industrialization, prepared for itself some institutional programmes and mechanisms capable of laying down a genuine policy of co-operation and creating an environment favourable for investments. Prominent among these are the Industrial Development Decade for Africa (IDDA), the Alliance for Africa's Industrialization (AAI), as well as the Patrons Group and Steering Committee for the AAI. Africa also needs a strong international partnership to develop along the road to industrialization through the transformation of its vast natural resources.

3. The United Nations Industrial Development Organization (UNIDO) is one of the international agencies that are well placed to support the industrialization efforts of African countries. The eighth General Conference of UNIDO should give priority to Africa's industrial development by providing it with human and material resources to that end.

A. General Assessment and Consideration

4. The industrial sector has grown by 3.2% in 1998, which is a decline compared to the 3.8% growth of 1997. One of the reasons for this decline in growth has been the decline of investments flow during the period 1997-1998 from 2.5% to 2%. Another reason is the lack of competitiveness due mainly to low productivity in Africa's industrial sector.

5. Consequently, the eighth General Conference of UNIDO offers an opportunity for African States (public and private sector) and the international community to define, elaborate and conceptualize industrial policies and strategies in response to the challenges, risks and opportunities of the globalizing world:

(i) For Africa to be able to compete and participate effectively in the globalizing world economy, there has to be a policy reorientation with greater emphasis accorded to industrialization;

(ii) Enhanced regional integration and cooperation should be a key element of the new policy orientation with the objective of building strong internal markets for the promotion of intra-African competition, as a stepping stone for entry into the global arena; and

(iii) The promotion of industries, especially the manufacturing industries, geared towards exportation and insurance of their competitiveness in order to realize Africa's economic integration into the emerging global economy.

6. While the above policy is mainly the responsibility of the African Governments and the private and public sectors, the eighth General Conference should strongly request the Director-General of UNIDO to support the efforts of the African Governments in this direction and give priority to the implementation of the policy.

7. The policy of the Bretton Woods institutions as well as the international banking system play a big role in the industrialization or de-industrialisation of the developing economies in general and of Africa in particular. The eighth General Conference of UNIDO should invite the Director-General to study and assess the impact of the Bretton Woods institutions on Africa's industrialization profile and make adequate recommendations. The activities of UNIDO with regard to resource mobilization for industrialization should take this issue into account.

B. Priority to be given to Africa's Industrial Development

8. With a view to doubling Africa's share of the global industrial production during the new millennium, the eighth General Conference of UNIDO should adopt a solemn declaration committing itself to give priority to industrial development in Africa during the 21st century and, in particular, through the following measures:

(i) Take all necessary measures to reverse the current trend characterized by a decline in direct investment in Africa, by supporting the efforts of African countries to remove all extraneous constraints and obstacles to investment inflows to Africa and more effectively promoting the establishment of partnerships between African and foreign industrial enterprises;

(ii) Initiate all necessary measures to boost investment and foreign technology-related development efforts across the continent; and

(iii) Take all necessary measures to mobilize financial resources at the level of the international community with a view to enabling UNIDO to promote and implement industrial development programmes and projects in African countries over the next two decades and underscoring the crucial role of recipient countries in the process of mobilization of funds for programmes.

C. Reform of UNIDO

9. UNIDO has undergone a far-reaching and satisfactory transformation, enabling it to play a significant role in the preparation during 1998/1999 of fifteen integrated national programmes within the framework of the Alliance for Africa's Industrialization.

10. The continued existence and permanence of UNIDO should no longer be questioned. On the contrary, the role and responsibilities of UNIDO within the framework of Africa's industrial development and the creation of industrial partnerships between Africa and the rest of the world should be recognized, encouraged and strengthened.

11. UNIDO should be provided with adequate financial resources for the implementation of the country programmes prepared within the framework of the Plan of Action of the Alliance for Africa's Industrialization in accordance with the provisions of item 4, subparagraph iv.

12. The eighth General Conference of UNIDO should call upon the Director-General to:

(i) Continue to give high priority to technical co-operation programmes in Africa;

(ii) Prepare programmes for other African countries which have not yet been covered by the integrated national programmes;

(iii) Intensify, in close co-operation with OAU, ECA and ADB, advocacy for industrial investment in Africa and promote financial support in favour of the integrated national programmes prepared within the framework of the Plan of Action of the AAI, by means of bilateral contacts and visits to donor countries;

(iv) Prepare, in close co-operation with OAU and the African Regional Economic Communities (SADC, COMESA, ECOWAS, ECCAS, CEMAC, UEMOA, AMU, IGAD etc.) integrated subregional and regional industrial development programmes and projects within the framework of the African Economic Community and the Plan of Action of the Alliance for Africa's Industrialization;

(v) Expand the utilization of the available African expertise (consultancies, engineering firms, training, etc.) within the context of UNIDO interventions.

D. Field Representation

13. African countries have a veritable interest in the ability of UNIDO to contribute effectively to the implementation of their respective industrial policies, programmes and projects.

14. In this connection, the eighth UNIDO General Conference should call on the Director-General to:

(i) Strengthen the capacity and role of that agency's offices abroad by providing sufficient financial resources for that purpose;

(ii) Increase the number of UNIDO offices in Africa—currently around 16—by establishing new ones, so that eventually there should be at least 35 country directors for Africa; priority should be given to the LDCs;

(iii) Make the effective and judicious implementation of industrial policies, programmes and projects in Africa a major priority.

E. Recruitment of Africans within the UNIDO Secretariat

15. Africa is the least represented region in terms of the number of staff working within the UNIDO Secretariat. It is also the least represented with regard to appointments to senior positions. The eighth General Conference of UNIDO should call on the Director-General to:

(i) Increase markedly the number of African staff members within UNIDO through appropriate recruitment; and

(ii) Increase significantly the recruitment and promotion of African staff to senior positions within UNIDO.

Annex II

RESOLUTION 2 (XIV): AFRICAN COMMON POSITION ON GLOBALIZATION

The Conference of African Ministers of Industry:

Noting that the majority of African countries are signatories of the Uruguay Round Agreement and are members of the World Trade Organization (WTO),

Recognizing that the current multilateral trade system is unbalanced and thus runs the risk of accentuating further the marginalization of Africa, with resultant severe repercussions on poverty, food insecurity and other social conditions,

Aware of the fact that the implementation of WTO rules might have adverse implications on Africa's economic development, particularly in the industrialization of the continent in terms of capacity building for industrial competitiveness,

Requests African countries to promote sustainable industrial growth through expansion, diversification and deepening of the manufacturing sector,

Strongly requests African countries to formulate strategies for the development of the private sector within the context of Africa's regional integration efforts, improvement of the conditions for competitiveness and promotion of foreign direct investment,

Invites African countries to:

(a) **Strongly** support and reinforce current trade negotiations with a view to ensuring a favourable environment for development of African industry;

(b) **Assess** and review the impact of existing international rules, agreements and efforts to industrialize Africa with a view to removing obstacles to accelerate industrial take-off;

(c) **Solicit** international support for establishing conditions for successful industrialization in terms of infrastructure and services and enhancing political stability;

(d) **Solicit** debt relief from creditor nations and to facilitate utilization of such funds for domestic infrastructural and social development;

(e) **Reiterate** support and re-emphasize the position of the Ministers of Commerce taken at Algiers in September 1999;

(f) **Promote** strong industrial growth in order to reverse Africa's marginalization in the context of globalization;

(g) **Enhance** capacity and capability of African industry to compete both in domestic and external markets;

(h) **Solicit** international support for the efforts of African Governments to establish peace, security and good governance in order to attract foreign investment;

(i) **Consolidate** and develop intra-African integration at the sub-regional and regional levels in different sectors—industry, finance, communications and commerce;

(j) **Enhance** competitiveness through stimulating macroeconomic growth, improved infrastructure, reduced transaction costs, better industrial governance, promoting technological upgrading; strengthening human capital;

(k) **Create** an enabling environment for private sector development; facilitate foreign direct investment; promote mutually supportive industrial policies.

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Eighth session
Vienna, 29 November - 3 December 1999

REPORT OF THE MAIN COMMITTEE

Submitted by the Chairman of the Main Committee,
Ms. H. Hernes (Norway)

1. The Main Committee held two meetings during the period 1-2 December 1999.

2. The Committee elected the following Vice-Chairmen: Mr. A. Slaby (Czech Republic), Ms. M. Leong Sook Lei (Malaysia), Mr. A. Benmoussa (Morocco) and Mr. F. Garófalo Laya (Venezuela).

3. In accordance with the mandate given to it by the General Conference, the Committee considered 16 draft decisions and resolutions on agenda items 11, 12, 14, 17 and 18. Draft decisions and resolutions based on recommendations of the Industrial Development Board on items 11 (a), 11 (b), 11 (c), 11 (d), 11 (e), 11 (f), 11 (g), 14 and 18 are contained in document GC.8/L.1.

4. Consensus was also reached on subsequent proposals submitted to the Conference on items 12 (four separate draft resolutions), 17, 17 (a) and 17 (e), which are reflected in document GC.8/L.1/Add.1. In addition, the Main Committee made a recommendation to the plenary on item 20 (date and place of the ninth session).

5. As stated above, consensus was reached on all texts. Concerning the draft resolution under item 12 on the unutilized balances of appropriations for 1992-1993 and 1996-1997, the representative of Morocco made a number of specific proposals that he would have wished to include in the draft resolution on that subject. In particular, he wished to incorporate paragraph 2 of the draft resolution on funding for technical cooperation activities (GC.8/L.1/Add.1) in the following manner:

(Text to have been inserted between existing paragraphs 7 and 8)

"Requests Member States, in particular donors, to increase their voluntary contributions to UNIDO so as to improve the level of programmable funds."

However, in a spirit of consensus, those proposals would not be incorporated into the draft resolution but would be reflected in the summary records.

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Ms. H. Hernes (Norway)

1. The Main Committee held two meetings during the period 1-2 December 1999.

2. The Committee elected the following Vice-Chairmen: Mr. A. Slaby (Czech Republic), Ms. M. Leong Sook Lei (Malaysia), Mr. A. Benmoussa (Morocco) and Mr. F. Garófalo Laya (Venezuela).

3. In accordance with the mandate given to it by the General Conference, the Committee considered 16 draft decisions and resolutions on agenda items 11, 12, 14, 17 and 18. Draft decisions and resolutions based on recommendations of the Industrial Development Board on items 11 (a), 11 (b), 11 (c), 11 (d), 11 (e), 11 (f), 11 (g), 14 and 18 are contained in document GC.8/L.1.

4. Consensus was also reached on subsequent proposals submitted to the Conference on items 12 (four separate draft resolutions), 17, 17 (a) and 17 (e), which are reflected in document GC.8/L.1/Add.1. In addition, the Main Committee made a recommendation to the plenary on item 20 (date and place of the ninth session).

5. As stated above, consensus was reached on all texts. Concerning the draft resolution under item 12 on the unutilized balances of appropriations for 1992-1993 and 1996-1997, the representative of Morocco made a number of specific proposals that he would have wished to include in the draft resolution on that subject. In particular, he wished to incorporate paragraph 2 of the draft resolution on funding for technical cooperation activities (GC.8/L.1/Add.1) in the following manner:

(Text to have been inserted between existing paragraphs 7 and 8)

"Requests Member States, in particular donors, to increase their voluntary contributions to UNIDO so as to improve the level of programmable funds."

However, in a spirit of consensus, those proposals would not be incorporated into the draft resolution but would be reflected in the summary records.